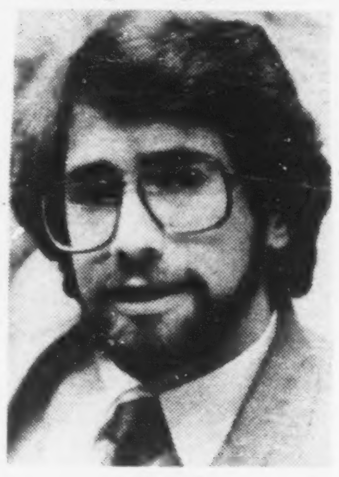
## EDITORIAL

# Home center firms near top in Earning Power

This year's *National Home Center News* census of the Top 100 home center operations offers an intriguing portrait of an industry.



Kash

Not surprisingly, chains geared 100% toward consumer traffic outperformed those still anchoring part of their business to the builder.

While 61 of the Top 100 home center operations are expected to post gains in total sales in 1982 over last year, 74 chains will show gains in DIY sales.

In fact, 76% of the Top 100 chains' collective sales of $11.75 billion will come from consumer trade this year.

But perhaps more significantly, the 1982 portrait reveals an industry that has taken a long stride toward maturity.

At year-end, the Top 100 chains will post an 11.7% increase in DIY sales, with 12 fewer stores collectively than the 4,196 they operated last year.

The strategy to retrench expansion plans in 1982, in favor of improving store-level productivity, has paid off handsomely for a number of chains, particularly when one considers how much less a factor inflation was in contributing to this year's growth.

Certainly, it has not been an easy year. Aside from Wickes, 1982 may be remembered as the year when even the staunchest home center leaders, such as Hechinger chairman Dick England, conceded the DIY market was not as recession-proof as some have claimed. Nonetheless, when comparing this year's performance to last year, it appears that the front-running home center chains emerging in 1983 will be stronger, smarter, and more aggressive than ever before.

How the home center industry stacked up specifically against other retailing industries in performance lends even more encouragement.

While few measures exist to truly compare industries, one that has gained a loyal following is a statistical review of public retailing companies prepared annually by The First National Bank of Chicago.

One specific measure First Chicago uses is called Earning Power. It is calculated by multiplying margin—pretax operating income divided by owned sales—by turnover, defined as owned sales divided by total assets. Owned sales are considered net sales minus leased department sales.

Of 104 public retailing companies, Payless Cashways ranked third, Scotty's eighth and Pay 'N Pak ninth in combining margin and turnover; and, of eight retailing classifications, home centers posted the second-highest earnings power figure, on average, in the lot.

Careful analysis shows that Payless, for example, boosted both margin (8.8%) and turnover (2.26%) this past fiscal year compared to last.

Lowe's on the other hand, has seen its margin cut almost in half over the past three years, to 4.18%, but has managed to maintain a higher turn ratio (2.51x) than Payless. Hechinger, meanwhile, gets its earning power by averaging a 7.6% margin, despite a 1.4x turn ratio—below the 1.88x average for the eight public home center chains included in the First Chicago report.

While public companies are few indeed in the home center industry, it is difficult to ignore the fact that when stacked up against other retailers, those home center firms are capable of earning as much profit for their merchandise as any retailer in the United States. It's a point worth keeping in mind when pursuing this year's Top 100 home center businesses.

—Wyatt Kash

### Earning Power = (Margin X Turnover)*

| 1982 Rank | | Fiscal Year Ended 1982 | 1981 | 1980 |
|---|---|---|---|---|
| 1 | Pic 'n' Save | **33.89** | 32.53 | 28.02 |
| 2 | Lerner Stores | **20.15** | 12.03 | 24.87 |
| **3** | **Payless Cashways** | **19.92** | **18.06** | **19.88** |
| 4 | Longs Drugs | **19.31** | 19.96 | 21.71 |
| 5 | Dollar General | **18.13** | 18.18 | 16.23 |
| 6 | Hook Drug | **16.48** | 17.22 | 16.49 |
| 7 | Rite Aid | **16.14** | 16.83 | 16.43 |
| **8** | **Scotty's** | **15.70** | **18.95** | **19.99** |
| **9** | **Pay 'N Pak** | **15.17** | **14.33** | **15.26** |
| 10 | Wal-Mart | **14.96** | 17.36 | 16.98 |
| N.R. | **The Home Depot** | **13.46** | N.A. | N.A. |
| **33** | **Hechinger** | **10.62** | **11.41** | **13.52** |
| **35** | **Lowe's** | **10.50** | **18.09** | **22.93** |
| **INDUSTRY AVERAGES** | | | | |
| Specialty (14 Chains) | | **13.04** | 14.72 | 14.97 |
| **Home Improvement** (8 Chains) | | **12.32** | **15.03** | **19.59** |
| Drug (16 Chains) | | **11.66** | 12.82 | 12.38 |
| Department (23 Chains) | | **9.88** | 10.59 | 11.54 |
| Catalog Showrooms (8 Chains) | | **9.27** | 10.41 | 11.56 |
| Chain Stores (i.e. Sears—7 Chains) | | **8.89** | 6.90 | 8.62 |
| Combination (9 Chains) | | **8.49** | 9.23 | 9.43 |
| Discount (19 Chains) | | **6.85** | 7.99 | 9.42 |

*Margin = Operating income/Net sales minus leased dept. sales

*Turnover* = Net sales minus leased dept. sales/Total assets

*N.R.—Not ranked;* NHCN *calculation* *N.A.—Not available*

*Source: "The Retailing Industry"—The First National Bank of Chicago;* Inside Retailing *NHCN chart*

## WASHINGTON VIEW

# May seek to legalize RPM as last resort

**By Ken Rankin**
*Washington correspondent*

Reagan Administration antitrust officials may ask Congress for new Federal legislation legalizing resale price fixing by manufacturers—but only as a last resort, Assistant Attorney General William Baxter told the American Retail Federation.

Rankin

The Justice Department's primary strategy will be to pressure the courts to reverse course 180° and rule that fair trade-style resale price maintenance activities against retailers are no longer automatic violations of the Federal antitrust law, he told ARF.

Only if the Supreme Court "is disinclined to modify its traditional approach in this area" will the Justice Department consider "seeking legislative change" by Congress, he said.

The broad-based retail federation—which represents scores of state and national retail industry trade associations—had urged the White House to direct Baxter to continue enforcing the current law until or unless it is changed by Congress.

Baxter's rambling, 15-page response to that request, however, indicates that he has no intention of being muzzled.

"I start with the obvious proposition that if, in a given industry there were dozens of manufacturers of a particular product and scores of potential distributors of that product, the freedom of any one manufacturer to enter into a resale price maintenance agreement with this subset of distributors could not possibly be harmful or anticompetitive in any way," he told ARF.

Although supplier restrictions on retail pricing "eliminate a kind of activity that might naively be described as competition," it is "economically erroneous to regard all behavior that achieves short-run price reductions as being competitive," Baxter maintained. "From that standpoint, the activity of a patent infringer, or a pirate of copyrighted phonograph records, or indeed sales of stolen goods in a flea market will achieve short-run price reductions."

Significantly, Baxter did acknowledge that RPM is clearly illegal and that the Supreme Court has, "in a wide variety of contexts over three quarters of a century, struck the practice down."

But he added that under most circumstances resale price fixing is "manifestly harmless," and therefore the Justice Department will not enforce those laws.

* * *

There's no evidence that the Federal Trade Commission abandoned its controversial rule on cellular plastic construction products because of pressure from Congress, General Accounting Office investigators concluded.

That rule, which had been under development by the commission since mid-1974, would have required the disclosure of the combustion characteristics of all cellular plastics used in home construction.

In June 1980, the FTC abruptly reversed course and terminated further consideration of the plan—a decision that was announced only a month after Congress granted itself power to override agency regulations affecting industry.

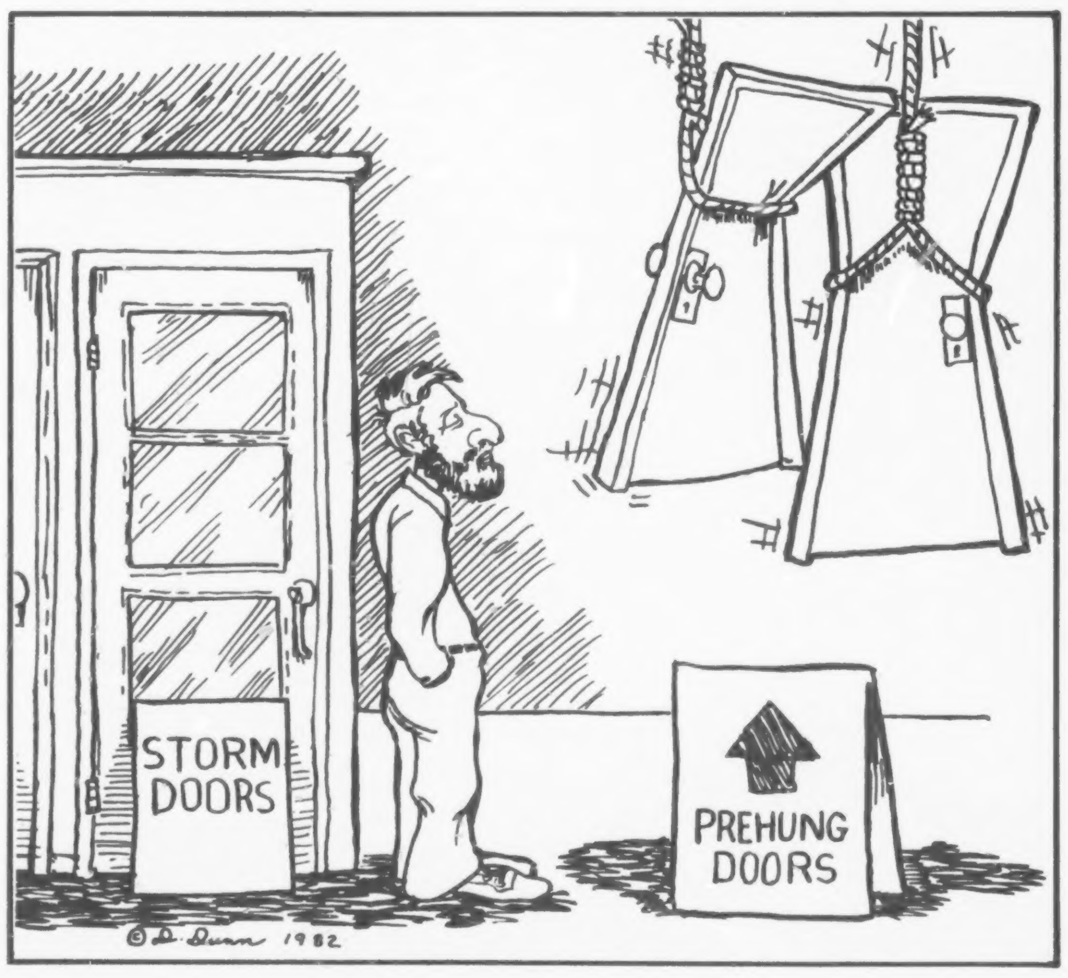
According to some FTC critics, the commission abandoned the cellular plastics rule for fear that industry manufacturers might be able to generate enough backing in Congress to veto the regulation.

But no such thing happened, G.A.O. investigators said. FTC scrapped the plastic disclosure rule not because the agency was intimidated by the industry, but because the commission "was already enforcing safety-risk disclosure requirements for insulation products" and concluded that separate disclosures for cellular plastics would not be necessary, G.A.O. maintained.

* * *

Look for a flurry of proposed new Federal regulations affecting home center chains and other retailers as soon as next month's elections are out of the way.

Labor Department wage-hour regulators, for example, have several controversial regulatory proposals on the back-burner now—including Secretary Donovan's scheme to increase penalties for Federal minimum wage violations. They have been on the shelf for months because of political considerations, but after the Congressional elections are over they will come bubbling to the surface.



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# CENSUS 82 HOME CENTER INDUSTRY PROFILE

## Grace tops industry with $844M in DIY sales

NEW YORK—W. R. Grace, with six home center chains operating nationwide, again heads the industry in home improvement sales to consumers with DIY volume of $844 million projected for 1982 and an estimated total volume of $897 million.

*Grossman's, with 199 stores, remains the largest chain of the Evans Products retail division. The future of Grossman's and its four sister operations is cloudy, since Evans announced its intention to sell off its home centers as a group, as soon as possible, to raise cash to meet its debt.* NHCN photo

Several steps were taken this year to further organize the 280-store division into a more smoothly operating component of its $6.5 billion (sales) parent, which began acquiring diverse home center chains in 1976.

Specifically the four Western and Midwestern chains were organized into two regions; Green/Harris, a nine-store Southern contractor chain that never quite fit the Grace DIY mold was divested and the Handy Dan prototype continued to place its stamp on the other chains, particularly with the establishment of installed sales programs. Ironically, 1982 was also the year that Channel, the Northeast chain, passed Handy Dan in sales, to lead the home center division.

One of the year's potential bright spots was Handy City, the 53-store Southeast chain that ended 1981 with the resignation, under fire, of its president and top two financial officers. That disruption was but one of a series of management shakeups that plagued the Atlanta-based operation.

By mid-1982, with new leadership, tightened controls and some merchandising shifts profitability seemed just around the corner, an achievement, since 1981 ended with a loss estimated between $5 million and $6 million.

Handy City is also introducing a new prototype in Orlando to be more competitive when one of its main competitors, The Home Depot, enters that market late in 1982 or early 1983.

The changes in that merchandising approach, which calls for somewhat higher gondolas and more product on the sales floor, could have an impact on the rest of the Grace home center operation.

"We had a meeting six or eight months ago that had nothing to do with Home Depot," Frank Denny, Grace home center division president, said earlier this year (*NHCN*, Sept. 13). "It addressed the second generation of this business. Then the Orlando situation came up. And that's where we're going to start."

Operationally, the biggest change for Grace this year was the reorganization of 28 Angels stores and 12 Cashway units into a Western region headed by John Markley and the consolidation of 76 Handy Dans in the Midwest and Southwest into one central region based in San Antonio with Dave Saks, president.

Nick Einfeld who had run the disbanded Kansas City-based Handy Dan Midwest operation, resigned from the company. The division into regions was prompted by the desire to take advantage of scale, Denny said

(Continued on page 59)

**W. R. GRACE**

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 270 | 264 |
| DIY sales | $844 mil. | $754 mil. |
| Total sales | $897 mil. | $794 mil. |
| % DIY | 95 | 95 |

*Source: NHCN*

## Evans Retail on the block to bail out parent

PORTLAND, Ore.—The fate of Evans Retail, the second largest home center operator in the industry, was still a matter of speculation at presstime, following the decision by its parent company, Evans Products, to sell the entire operation.

Altogether, Evans Retail operates 341 Grossman's, Moore's, Lindsley, Hubbard & Johnson, and Alamo home centers and Inside Outlet specialty stores located in 20 states. Should the group remain intact, year-end sales are expected to total $770 million; sales to DIYers exclusively are expected to total $678 million, compared to $635 million in 1981.

Ironically, the home center group was placed on the block because of its health, relative to the rest of Evans holdings, which include shelter products, forest products, custom-built homes.

The retail group accounted for almost 50% of the conglomerate's total sales and had an asset value of $285 million at the end of 1981.

Its sale was prompted by the heavily leveraged position of the parent company, whose debt burden now totals $475 million in long- and short-term debt, two-thirds tied to the prime rate.

Retail group sales for the six months ending June 30 were $365.1 million, up slightly from $361.1 million a year earlier.

Operating income, however, was down 27% to $16.05 million from $22.09 million.

Evans Products reported a net loss, companywide, of $12.35 million for the first half.

The retail group shrunk slightly in 1982 in number of

(Continued on page 29)

**EVANS PRODUCTS**

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 341 | 348 |
| DIY sales | $678 mil. | $635 mil. |
| Total sales | $770 mil. | $756 mil. |
| % DIY | 88 | 84 |

*Includes Grossman's, Alamo, Moore's, Lindsley, and Hubbard & Johnson*

*Source: NHCN*

*Channel Home Centers, the 94-store, New Jersey-based chain this year became the greatest volume producer for W. R. Grace. This came after Texas' Handy Dan diminished in store count following the reorganization of Grace's Western and Midwestern home centers into two regions.* NHCN photo

## Lowe's total sales to hit $1B with 56% in DIY biz

NORTH WILKESBORO, N.C.—DIY sales at Lowe's are expected to account for 56% of total volume this year, which chain officials are now expecting to reach, and possibly pass, the $1 billion mark for the first time.

In addition, plans for a larger, 20,000-sq.-ft. RSVP prototype are now on the drawing board, as the 233-unit chain continues to respond to the depressed home building market by aggressively pursuing retail sales.

For the 26 weeks ended July 31, retail sales were up 19%, while builder volume was off 11%. Total sales for that period were $506.3 million, up 4% from a year ago.

Pretax earnings for the first half of 1982 were up 19% for a total of $11.7 million compared with $9.8 million in 1981.

The increased retail volume has contributed to improved gross margins, 24.9% at the end of the first half, compared with 23.8% a year ago.

Lowe's this year began altering its consumer showroom RSVP design in some of its new stores. The Buckley, W. Va., outlet, currently under construction, will include a second 750-sq.-ft. cove in front of the store, creating what has been described as an inverted T-shirt floor configuration, where before there was "only one sleeve," according to chairman Robert Strickland.

The added space will take up home electronics stock, leaving 60 ft. along the side wall available for lumber merchandising. Construction was expected to be completed by Thanksgiving.

Altogether, 95 of 117 stores slated to undergo the $100,000 per store RSVP remodeling design have been retrofitted since the remodeling program began two years ago.

**LOWE'S**

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 235 | 229 |
| DIY sales | $560 mil. | $462 mil. |
| Total sales | $1 bil. | $888 mil. |
| % DIY | 56 | 52 |

*Source: NHCN*

## Payless Cashways' rapid growth to yield $600M in total sales

KANSAS CITY, Mo.—Payless Cashways, one of the fastest-growing retailing companies in the United States, will climb toward $600 million in sales in 1982, 95% coming from DIY volume in its 100 units.

The chain's president and ceo, David Stanley, projected that sales by the end of fiscal 1982 would total $580 million, $551 million being generated by sales to home-improvement minded consumers. If the company maintains its traditional 22%-25% growth in annual earnings, profits at the chain should reach $20 million.

Throughout the year, Payless has engaged in a 12-unit, $31 million expansion program that will place new stores in four states, with five in new markets for the chain. According to a study compiled by Kidder, Peabody & Co. security analysts Robert Simonsen and Daniel Barry, the chain's growth in selling space between 1976 and 1980 increased 18% annually, and is estimated to expand another 13% annually from 1981-86, with a parallel growth in earnings per year of 25%, making Payless one of the top six "high growth" retailers.

On top of its planned expansion, Payless recently bought the flagship and newest stores of the Brookhart Building Centers chain, Colorado Springs, as well as the Nora, Ind., Dunlap's unit from Southwest Forest Industries, Phoenix. The latter purchase strengthened the chain's position in Indianapolis.

Because of its accelerated growth, Payless, at the urging of chairman Stanley Covey, added another layer of management to its corporate ranks. Larry Morrissey and Roger Weverka were appointed to the

(Continued on page 39)

**PAYLESS CASHWAYS**

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 100 | 86 |
| DIY sales | $551 mil. | $455 mil. |
| Total sales | $580 mil. | $479 mil. |
| % DIY | 95 | 95 |

*Source: NHCN*

# Shakeup at Wickes promises leaner operation

SANTA MONICA, Calif.—The shockwaves from retailing's biggest bankruptcy have subsided somewhat since the sudden collapse of Wickes in April. But the Chapter 11 reorganization program now in effect continues to rock the company internally.

In many ways, the company's new direction remains as masked as its assets from the protection available under Chapter 11.

Clearly, however, the Wickes Companies emerging from 1982 will be much leaner than ones operating in 1981.

Suffering from the aftereffects of ingesting Gamble-Skogmo whole in 1980, the corporation had massive losses of $258.3 million last year, had accumulated $1.98 billion in debt ($340 million owed to over 15,000 trade creditors) and was forced to file Chapter 11 on April 24.

Wickes' board of directors had fired virtually all the company's top management one month earlier, including chairman E. L. McNeely and president David Primuth. They were replaced by Sanford Sigoloff, former vice chairman of home builder Kaufman & Broad, who successfully reorganized Daylin when it filed for bankruptcy in the mid-1970's.

Sigoloff brought in a handpicked entourage of corporate executives to assist him in getting the $3.84 billion Wickes back on its feet again. And, after meeting twice with creditors and their four committees, the company released its 10K filing with the Securities and Exchange Commission, in which the closing of about 60 Wickes Lumber units by the end of 1982 was announced, although only a dozen have been shuttered through September. The company also noted it would be making "selective store closures" in its apparel, department store, furniture, supermarket, drug and jewelry chains, but indicated that the 62-unit Builders Emporium home center chain would remain unscathed. In fact, Wickes' management approved a six-month plan to remodel or upgrade 55 of BE's units.

The severity of Wickes' financial difficulties was also in evidence in the 10K. One of its largest divisions—the lumber and building materials segment which includes Wickes Lumber, BE, Gambles, its wood products division, Sequoia Supply and its international branch—had sales of $1.45 billion and earnings of $6.7 million, a remarkable drop from the $36.6 million the segment netted in 1980.

### Figures analyzed

In the first half of 1982, the company lost $156.97 million against sales of $1.393 billion. However, the first quarter's $156.4 million loss was due primarily to Wickes' amortizing $52 million in debt and paying $49.7 million in interest expenses. And the second-quarter loss was only $566,000.

In its home centers, 1983 will see a leaner Wickes Lumber and a better merchandised Builders Emporium. *NHCN* estimates that, by year's end, Wickes Lumber will have revenues of $740 million, a 17% decline, with its DIY sales at around $370 million generated from 225 units. It remains, however, the fifth largest home

*(Continued on page 69)*

Builders Emporium
A Wickes Company

*Despite its efforts to divest a substantial part of its retail holdings, it looks like Wickes Cos. will be holding onto the 62-unit, $160 million Builders Emporium, San Diego, Calif. The parent company recently approved a six-month plan to upgrade or remodel 55 BE units.*

NHCN photo

# Sutherland to post $296M in DIY sales

KANSAS CITY, Mo.—Sutherland Lumber, the second-largest family-owned home center chain in the industry, after 84 Lumber, is expected to post $296 million in sales to DIYers by the end of 1982, and total sales of $395 million, according to *NHCN* estimates based on company-verified figures.

The rise in DIY sales, from an estimated $263 million in 1981, is due in large part to the chain's dramatic increase in consumer advertising over the past two years. The chain ranked sixth in the industry in television advertising expenditures last year, spending $664,900—up 125% from 1980—and plans to nearly triple that figure before 1982 is out.

While company officials would not reveal exact figures, it is estimated that cash-and-carry sales accounted for 70% of sales in 1981 and will account for about 75% in 1982.

Sutherland currently has 75 stores concentrated in the Midwest but ranging across 21 states. Its newest outlet opened in Fort Worth in August. The Fort Worth operation includes a new building (30,000 sq. ft.) on a five-acre site owned by Sutherland. The Houston store is also a newly built structure with 30,000 sq. ft.

Dwight Sutherland, a partner, said the new stores would basically follow Sutherland's format. While no specific opening dates have been announced, Sutherland added that "There's some on the drawing board. We

*(Continued on page 57)*

**SUTHERLAND LUMBER**

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 75 | 74 |
| DIY sales | $296 mil. | $263 mil. |
| Total sales | $395 mil. | $350 mil. |
| % DIY | 75 | 70 |

Source: NHCN

## How the top 100 line up

| Companies | DIY Rank |
|---|---|
| Alamo Enterprises | 2, (45) |
| Alamo Lumber | 97 |
| Alexander Lumber | 88 |
| All American Home Center | 63 |
| American Maize Products | 34 |
| Anderson Lumber | 74 |
| Angels | 1, (23) |
| Bailey Lumber | 89 |
| Boise Cascade | 18 |
| Bonanza Building Centers | 84 |
| Braver Lumber | 67 |
| Brewster's | 64 |
| Brown's Lumber | 87 |
| Budget Power | 81 |
| Builderama | 90 |
| Builders Emporium | 5, (16) |
| Busy Beaver | 29 |
| Carter Lumber | 39 |
| Cashway Home Improvement Centers | 1, (28) |
| Causeway Lumber/Red Thumb Home Centers | 84 |
| Central Hardware | 15 |
| Channel Home Centers | 1, (7) |
| Chase-Pitkin | 54 |
| Church's Lumber Yards | 61 |
| City Mill | 60 |
| Conklin Cash & Carry | 97 |
| Copeland Lumber Yards | 44 |
| Courtesy Home Centers | 42 |
| Curtis Lumber | 78 |
| Diamond International | 27 |
| Dixieline Lumber | 37, (42) |
| Eclipse Industries | 58 |
| 84 Lumber | 6 |
| Elgin Lumber | 98 |
| Erb Lumber | 30 |
| Ernst Home Centers | 8 |
| Evans Products | 2 |
| Everitt Lumber | 37, (90) |
| Forest City | 20 |
| Foxworth-Galbraith | 40 |
| Fullerton Lumber | 91 |
| Gee Lumber | 62 |
| Goodman Lumber | 46 |
| W. R. Grace | 1 |
| Great Plains Supply | 28 |
| Grossman's | 2, (5) |
| Handy Andy Home Improvement Centers | 32 |
| Handy City | 1, (18) |
| Handy Dan | 1, (10) |
| Handyman | 12 |
| The Hardware Fair | 92 |
| Hechinger | 9 |
| Hill-Behan | 47 |
| Edward Hines Lumber | 51 |
| The Home Depot | 22 |
| Homecrafters | 36 |
| Homeowners Do-It-Yourself Centers | 55 |
| A. C. Houston Lumber | 65 |
| Hubbard & Johnson | 2, (49) |
| Kindt | 79 |
| Knox Lumber | 25, (28) |
| Peter Kuntz | 59 |
| Lampert Lumber | 41 |
| Lampert Yards | 69 |
| Lanoga | 24 |
| Levy's Lumber & Building | 80 |
| Lezzer Lumber | 85 |
| Lindsley | 2, (18) |
| Lloyd Lumber | 34, (41) |
| L-P Home Centers | 82 |
| Lowe's | 3 |
| Lumber Headquarters | 93 |
| Lumberjack | 31 |
| Lumbermen's of Washington | 24, (82) |
| Lundy-Briggs | 34, (85) |
| McCoy's Building Supply Centers | 21 |
| Charles Meek Lumber | 48 |
| Menards | 16 |
| Moore's | 2, (21) |
| National Lumber | 23 |
| Neiman-Reed's Lumber City | 38 |
| O'Malley | 45 |
| Ole's Home Centers | 14 |
| Orchard Supply | 1, (26) |
| Paty Lumber | 66 |
| Payless Cashways | 4 |
| Pay 'N Pak | 13 |
| Peavey | 56 |
| Pergament Home Centers | 17 |
| Plywood Minnesota | 68 |
| Plywood Ranch | 75 |
| Rickel Home Centers | 11 |
| Robertson Cos. | 99 |
| T. H. Rogers Lumber | 71 |
| Sackett & Peters | 70 |
| Samon's Do-It-Yourself Centers | 76 |
| Scott's | 52 |
| Scotty's | 10 |
| Somerville Lumber | 53 |
| Southwest Forest Industries | 25 |
| Spenard's | 24, (60) |
| Stambaugh-Thompson | 43 |
| Star Lumber | 77 |
| Strober Bros. | 86 |
| Sutherland Lumber | 7 |
| TAPJAC | 100 |
| Thurman Industries | 72 |
| United Building Centers | 24, (37) |
| Valu Home Centers | 35 |
| Walker-Kurth Lumber | 57 |
| Warners True Value | 49 |
| West Building Materials Centers | 19 |
| Westlake Hardware | 50 |
| Weyerhaeuser | 37 |
| Wickes Cos. | 5 |
| Wickes Lumber | 5, (6) |
| Williams Bros. Lumber | 94 |
| Wolohan Lumber | 94 |
| Wolohan Lumber | 33 |
| Wood Bros. Lumber | 95 |
| Hugh M. Woods | 26 |
| Z&L Lumber | 73 |

*Subsidiaries are ranked first by parent company; numbers in parentheses denote ranking location.*

# Ernst parent decentralizes, gives Bill Boston DIY reins

SEATTLE—After suffering "the most difficult year in [our] 35-year history" in 1981, according to chairman M. Lamont Bean, $949 million Pay 'n Save decentralized its operations and placed its home center division, Ernst Home Centers, under the sole direction of general manager and vice president Bill Boston.

Boston will oversee the merchandising and advertising of the 75-unit, $244 million chain, since the parent company eliminated its centralized merchandising department. The department, formed in February of 1981, used to coordinate the operations of Ernst, Yardbird and Von Tobel home centers, Sportswest sporting goods, as well as Pay 'n Save's 133-unit drug and 23-unit apparel divisions.

Boston, who will be responsible for Ernst, Von Tobels and Sportswest, called the restructuring "logical" and "evolutionary." He added, though, that the division will not be as decentralized as in the past when store managers formed committees to make most merchandising/advertising decisions.

In addition, the corporation announced that there would be "zero growth" in the Ernst division in 1982, with Boston claiming that chain officials would concentrate on fine-tuning existing units. He added that future expansion plans were also "hard to predict."

Pay 'n Save has formed a senior management committee—consisting of newly appointed vice chairman Calvin Hendricks, E. Ronald Erickson (who took over the presidential slot from Bean) and Boston—aimed at developing and implementing short- and long-term company goals.

One probable reason for Pay 'n Save's actions was that centralization wasn't working. Its Ernst division, which contributed 29% of 1980's net income, only accounted for 11% last year, or $1.41 million. Overall, the corporation's earnings of $12.8 million fell in 1981 by 32%. And while sales for the first six months of 1982 were up 7.5%, earnings continued to slide to $4.97 million from $5.03 million for the same period last year.

Second-quarter sales and earnings, however, were up 10% and 7%, respectively, and Hendricks pointed specifically to the strength of the home center division for the company's performance over the second quarter.

This year also marked the closing of the original Ernst store, situated in downtown Seattle.

On the corporate front, Pay 'n Save filed suit, along with three other Washington retailers, against Seattle First National Bank, charging that the fee SeaFirst charged for its MasterCard II debit card—which is used by consumers instead of checks—was unfair because debit card purchases are basically checking account transactions and retailers pay no fee when they accept checks from customers.

**ERNST HOME CENTERS**

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 75 | 76 |
| DIY sales | $244 mil. | $230 mil. |
| Total sales | $244 mil. | $230 mil. |
| % DIY | 100 | 100 |

Source: NHCN

# 84 Lumber adds 12 units, total volume to hit $600M

EIGHTY-FOUR, Pa.—84 Lumber continued to confound the home center industry this year as it expanded by 12 stores to a total of 362, with few compromises in its no frills policy that offers customers low-priced building materials stored in basic, heatless, unairconditioned outlets.

Total volume is expected to reach $600 million this year, up from $550 million a year ago. The DIY portion of sales has increased by about 5% to 60% of total volume.

The uniformed store employees continue to offer customers personal service at a time when more home center operations are turning to manufacturer literature, video tapes and other less expensive ways to offer the DIYer information.

Interviews with DIY customers while cursory, consistently showed that consumers consider 84's lumber to be of a higher quality than some of the more polished home center chains.

While 84 is still in little danger of being confused with some of its competitors, at least one of its units, in Atlanta, has adopted a lighting cloud, albeit a limited one.

In 40 states, coast to coast, 84 leads the industry in number of units and projects a total of 400 outlets by the end of 1983.

**84 LUMBER**

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 362 | 350 |
| DIY sales | $360 mil. | $302 mil. |
| Total sales | $600 mil. | $550 mil. |
| % DIY | 60 | 55 |

Source: NHCN

# The top 100 home center chains

| DIY Rank | Companies | DIY $ Volume (in millions) '82 (proj.) | DIY $ Volume (in millions) '81 | Total $ Volume (in millions) '82 (proj.) | Total $ Volume (in millions) '81 | % Consumer Sales '82 (proj.) | % Consumer Sales '81 | Number of Stores '82 | Number of Stores '81 | Number of Stores '83 (proj.) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **W. R. Grace,** New York (incl. Angels, Cashway, Channel, Handy City, Handy Dan, Orchard) | 864 | 754 | 897 | 794 | 96 | 95 | 270 | 264 | 297 |
| 2 | **Evans Products,** Portland, Ore. (incl. Alamo Enterprises, Grossman's, Hubbard & Johnson, Lindsley, Moore's) | 678 | 635 | 770 | 756 | 88 | 84 | 341 | 348 | NA |
| 3 | **Lowe's,** North Wilkesboro, N.C. | 560 | 462 | 1,000 | 888 | 56 | 52 | 235 | 229 | 250 |
| 4 | **Payless Cashways,** Kansas City, Mo. (incl. Furrow) | 551 | 455 | 580 | 479 | 95 | 95 | 100 | 86 | 115 |
| 5 | **Wickes Cos.,** Santa Monica, Calif. (incl. Wickes Lumber, Builders Emporium) | 530 | 573 | 900 | 1,045 | 59 | 55 | 287 | 340 | NA |
| — | **Grossman's,** Braintree, Mass. (see Evans Products) | 373 | 356 | 393 | 387 | 95 | 92 | 199 | 204 | NA |
| — | **Wickes Lumber,** Saginaw, Mich. (see Wickes Cos.) | 370 | 418 | 740 | 890 | 50 | 47 | 225 | 278 | NA |
| 6 | **84 Lumber,** Eighty-four, Pa. | 360 | 302 | 600 | 550 | 60 | 55 | 362 | 350 | 400 |
| 7 | **Sutherland Lumber,** Kansas City, Mo. | 296 | 245 | 395 | 350 | 75 | 70 | 75 | 74 | NA |
| — | **Channel Home Centers,** Whippany, N.J. (see Grace) | 266 | 227 | 266 | 227 | 100 | 100 | 94 | 89 | NA |
| 8 | **Ernst Home Centers,** Seattle (incl. Von Tobel's) | 244 | 230 | 244 | 230 | 100 | 100 | 75 | 76 | 77 |
| 9 | **Hechinger,** Landover, Md. | 240 | 211 | 240 | 211 | 100 | 100 | 34 | 31 | 37 |
| 10 | **Scotty's,** Winter Haven, Fla. | 237 | 206 | 308 | 294 | 77 | 70 | 98 | 83 | 105 |
| — | **Handy Dan,** San Antonio, Tex. (see Grace) | 234 | 258 | 234 | 272 | 100 | 95 | 76 | 89 | NA |
| 11 | **Rickel Home Centers,** South Plainfield, N.J. | 220 | 187 | 220 | 187 | 100 | 100 | 34 | 31 | 36 |
| 12 | **Handyman,** San Diego (incl. Homer's) | 200 | 205 | 200 | 205 | 100 | 100 | 81 | 80 | NA |
| 13 | **Pay 'N Pak,** Kent, Wash. | 195 | 181 | 195 | 181 | 100 | 100 | 92 | 88 | NA |
| 14 | **Ole's Home Centers,** Pasadena, Calif. | 188 | 160 | 188 | 160 | 100 | 100 | 33 | 32 | 37 |
| 15 | **Central Hardware,** Bridgeton, Mo. | 180 | 170 | 180 | 170 | 100 | 100 | 30 | 29 | 31 |
| 16 | **Menards,** Eau Claire, Wis. | 170 | 154 | 200 | 181 | 85 | 85 | 22 | 21 | NA |
| — | **Builders Emporium,** Irvine, Calif., (see Wickes Cos.) | 160 | 155 | 160 | 155 | 100 | 100 | 62 | 62 | NA |
| 17 | **Pergament Home Centers,** Melville, N.Y. | 160 | 125 | 160 | 125 | 100 | 100 | 40 | 42 | 46 |
| 18 | **Boise Cascade,** Boise, Idaho | 155 | 153 | 310 | 326 | 50 | 47 | 92 | 96 | 92 |
| — | **Handy City,** Atlanta (see Grace) | 120 | 95 | 120 | 95 | 100 | 100 | 53 | 53 | NA |
| — | **Lindsley,** Miami (see Evans Products) | 134 | 125 | 134 | 125 | 100 | 100 | 43 | 43 | NA |
| 19 | **West Building Materials Centers,** Atlanta | 116 | 113 | 155 | 150 | 75 | 75 | 65 | 65 | NA |
| 20 | **Forest City,** Cleveland | 115 | 109 | 116 | 110 | 99 | 99 | 21 | 21 | 21 |
| 21 | **McCoy's Building Supply Centers,** San Marcos, Tex. | 109 | 80 | 136 | 100 | 80 | 80 | 39 | 33 | 45 |
| — | **Moore's,** Roanoke, Va. (see Evans Products) | 105 | 95 | 150 | 149 | 70 | 64 | 86 | 87 | NA |
| 22 | **The Home Depot,** Atlanta | 100 | 52 | 100 | 52 | 100 | 100 | 10 | 8 | 12 |
| 23 | **National Lumber,** Santa Ana, Calif. | 100 | 90 | 100 | 90 | 100 | 100 | 12 | 11 | 13 |
| — | **Angels,** City of Commerce, Calif. (see Grace) | 96 | 50 | 96 | 50 | 100 | 100 | 28 | 15 | NA |
| 24 | **Lanoga,** Seattle (incl. Lumbermen's of Washington, Spenard's, United Building Centers) | 90 | 63 | 200 | 152 | 45 | 41 | 124 | 120 | 139 |
| 25 | **Southwest Forest Industries,** Phoenix (incl. Dunlap's, Knox Lumber) | 82 | 82 | 92 | 94 | 89 | 87 | 14 | 15 | NA |
| 26 | **Hugh M. Woods,** Denver | 77 | 68 | 86 | 76 | 90 | 90 | 12 | 12 | 15 |
| — | **Orchard Supply,** San Jose, Calif. (see Grace) | 76 | 59 | 101 | 78 | 75 | 76 | 17 | 14 | NA |
| 27 | **Diamond International,** Sacramento, Calif. | 75 | 78 | 250 | 277 | 30 | 28 | 119 | 124 | 121 |
| 28 | **Great Plains Supply,** St. Paul, Minn. | 74 | 70 | 105 | 100 | 70 | 70 | 110 | 116 | NA |
| — | **Cashway Home Improvement Centers,** El Paso, Tex. (incl. Allwoods) (see Grace) | 72 | 65 | 80 | 72 | 90 | 90 | 12 | 11 | NA |
| — | **Knox Lumber** St. Paul, Minn. (see Southwest Forest Industries) | 72 | 69 | 72 | 69 | 100 | 100 | 9 | 9 | NA |
| 29 | **Busy Beaver,** Pittsburgh | 65 | 59 | 85 | 85 | 76 | 69 | 30 | 28 | 32 |
| 30 | **Erb Lumber,** Birmingham, Mich. | 65 | 74 | 100 | 114 | 65 | 65 | 36 | 36 | NA |
| 31 | **Lumberjack** Sacramento, Calif. | 59 | 54 | 65 | 60 | 90 | 90 | 7 | 6 | 8 |
| 32 | **Handy Andy Home Improvement Centers,** Gurnee, Ill. | 57 | 38 | 60 | 40 | 95 | 95 | 10 | 9 | 13 |
| 33 | **Wolohan Lumber,** Saginaw, Mich. | 57 | 53 | 88 | 89 | 65 | 60 | 35 | 34 | 35 |
| 34 | **American Maize Products,** Stamford, Conn. (incl. Lloyd Lumber, Lundy-Briggs) | 56 | 40 | 80 | 66 | 70 | 60 | 39 | 43 | 43 |
| 35 | **Valu Home Centers,** Buffalo, N.Y. | 53 | 43 | 53 | 43 | 100 | 100 | 12 | 11 | 13 |
| 36 | **Homecrafters,** Pelham, Ala. | 52 | 52 | 100 | 100 | 52 | 52 | 49 | 49 | 49 |
| 37 | **Weyerhaeuser,** Tacoma, Wash. (incl. Dixieline Lumber, Everitt Lumber) | 51 | 46 | 100 | 95 | 51 | 48 | 10 | 10 | NA |
| — | **United Building Centers,** Winona, Minn. (see Lanoga) | 51 | 49 | 85 | 82 | 60 | 60 | 108 | 109 | NA |
| 38 | **Neiman-Reed's Lumber City,** Sherman Oaks, Calif. | 48 | 48 | 50 | 50 | 95 | 95 | 13 | 13 | NA |
| 39 | **Carter Lumber,** Kent, Ohio | 47 | 48 | 78 | 80 | 60 | 60 | 130 | 130 | NA |
| 40 | **Foxworth-Galbraith Lumber,** Dallas | 42 | 35 | 70 | 70 | 60 | 50 | 49 | 49 | 49 |
| 41 | **Lampert Lumber,** St. Paul, Minn. | 42 | 46 | 65 | 70 | 65 | 65 | 50 | 50 | 50 |
| — | **Lloyd Lumber,** Danbury, Conn. (see American Maize Products) | 42 | 28 | 60 | 37 | 70 | 75 | 24 | 22 | NA |
| 42 | **Courtesy Home Centers,** Mount Prospect, Ill. | 40 | 33 | 40 | 33 | 100 | 100 | 4 | 4 | 5 |
| — | **Dixieline Lumber,** San Diego | 39 | 34 | 70 | 65 | 55 | 52 | 5 | 5 | NA |
| 43 | **Stambaugh-Thompson,** Youngstown, Ohio | 39 | 36 | 39 | 36 | 100 | 100 | 17 | 17 | 20 |
| 44 | **Copeland Lumber Yards,** Portland, Ore. | 38 | 30 | 75 | 75 | 50 | 40 | 77 | 77 | 82 |

# The top 100 home center chains

| DIY Rank | Companies | DIY $ Volume (in millions) '82 (proj.) | DIY $ Volume (in millions) '81 | Total $ Volume (in millions) '82 (proj.) | Total $ Volume (in millions) '81 | % Consumer Sales '82 (proj.) | % Consumer Sales '81 | Number of Stores '82 | Number of Stores '81 | Number of Stores '83 (proj.) |
|---|---|---|---|---|---|---|---|---|---|---|
| 45 | **O'Malleys,** Phoenix | 35 | 33 | 70 | 70 | 50 | 47 | 18 | 18 | 18 |
| — | **Alamo Enterprises,** San Antonio, Tex. (see Evans Products) | 34 | 29 | 38 | 35 | 90 | 83 | 9 | 9 | NA |
| 46 | **Goodman Lumber,** San Francisco | 33 | 28 | 33 | 28 | 100 | 100 | 5 | 5 | 5 |
| 47 | **Hill-Behan,** St. Louis | 33 | 33 | 60 | 60 | 55 | 55 | 32 | 31 | 32 |
| 48 | **Charles Meek Lumber,** Springfield, Mo. | 33 | 25 | 50 | 50 | 65 | 50 | 18 | 18 | 20 |
| 49 | **Warners True Value,** St. Paul, Minn. | 33 | 33 | 35 | 35 | 95 | 95 | 23 | 23 | NA |
| — | **Hubbard & Johnson,** San Carlos, Calif. (see Evans Products) | 32 | 30 | 55 | 60 | 58 | 50 | 4 | 5 | NA |
| 50 | **Westlake Hardware,** Moberly, Mo. | 32 | 29 | 35 | 30 | 91 | 97 | 18 | 17 | 22 |
| 51 | **Edward Hines Lumber,** Chicago | 29 | 30 | 55 | 59 | 53 | 50 | 25 | 25 | 27 |
| 52 | **Scott's,** Linthicum, Md. | 29 | 18 | 30 | 19 | 95 | 95 | 17 | 17 | 18 |
| 53 | **Somerville Lumber,** Somerville, Mass. | 29 | 21 | 36 | 26 | 80 | 80 | 2 | 1 | 3 |
| 54 | **Chase-Pitkin,** Rochester, N.Y. | 28 | 25 | 29 | 26 | 95 | 95 | 9 | 9 | 10 |
| 55 | **Homeowners Do-It-Yourself Centers,** Gardena, Calif. | 28 | 23 | 28 | 23 | 100 | 100 | 5 | 4 | 7 |
| 56 | **Peavey,** Minneapolis | 25 | 34 | 50 | 68 | 50 | 50 | 34 | 38 | NA |
| 57 | **Walker-Kurth Lumber,** Houston | 25 | 21 | 50 | 40 | 50 | 52 | 8 | 8 | 8 |
| 58 | **Eclipse Industries,** St. Louis (incl. B and B, Big E) | 24 | 19 | 25 | 20 | 96 | 95 | 8 | 8 | 8 |
| 59 | **Peter Kuntz,** Dayton, Ohio | 24 | 29 | 48 | 48 | 50 | 60 | 26 | 29 | 26 |
| 60 | **City Mill,** Honolulu | 23 | 22 | 24 | 23 | 95 | 95 | 4 | 4 | 5 |
| — | **Spenard's,** Anchorage, Alaska (see Lanoga) | 23 | 14 | 95 | 70 | 25 | 20 | 11 | 11 | NA |
| 61 | **Church's Lumber Yards,** Utica, Mich. | 22 | 21 | 32 | 32 | 70 | 67 | 11 | 11 | 11 |
| 62 | **Gee Lumber,** Chicago | 22 | 19 | 27 | 24 | 81 | 79 | 13 | 12 | 14 |
| 63 | **All American Home Center,** Downey, Calif. | 21 | 19 | 21 | 19 | 100 | 100 | 1 | 1 | 1 |
| 64 | **Brewster's,** Providence, R.I. | 21 | 21 | 35 | 35 | 60 | 60 | 4 | 4 | 4 |
| 65 | **A. C. Houston Lumber,** Wichita, Kan. | 21 | 19 | 53 | 48 | 40 | 40 | 12 | 12 | 12 |
| 66 | **Paty Lumber,** Piney Flats, Tenn. | 21 | 20 | 33 | 33 | 64 | 61 | 6 | 6 | 7 |
| 67 | **Braver Lumber,** Detroit (incl. Pine Lumber Cashway) | 21 | 23 | 25 | 29 | 85 | 80 | 12 | 13 | 13 |
| 68 | **Plywood Minnesota,** Minneapolis (incl. Drexel) | 21 | 31 | 21 | 31 | 100 | 100 | 13 | 20 | 13 |
| 69 | **Lampert Yards,** St. Paul, Minn. | 20 | 20 | 40 | 40 | 50 | 50 | 38 | 42 | 38 |
| 70 | **Sackett & Peters,** Whittier, Calif. | 20 | 17 | 20 | 17 | 100 | 100 | 2 | 2 | 4 |
| 71 | **T. H. Rogers Lumber,** Oklahoma City, Okla. | 19 | 18 | 29 | 28 | 65 | 65 | 32 | 32 | 33 |
| 72 | **Thurman Industries,** Kirkland, Wash. | 19 | 17 | 20 | 18 | 95 | 94 | 9 | 9 | 10 |
| 73 | **Z&L Lumber,** Pittsburgh | 19 | 17 | 22 | 20 | 85 | 85 | 6 | 6 | 7 |
| 74 | **Anderson Lumber,** Ogden, Utah | 18 | 15 | 55 | 50 | 33 | 30 | 21 | 21 | 23 |
| 75 | **Plywood Ranch,** Braintree, Mass. | 18 | 17 | 23 | 22 | 80 | 78 | 29 | 28 | 29 |
| 76 | **Samon's Do-It-Yourself Centers,** North Salt Lake, Utah | 18 | 18 | 20 | 20 | 90 | 90 | 14 | 13 | 15 |
| 77 | **Star Lumber,** Wichita, Kan. | 18 | 18 | 35 | 38 | 50 | 49 | 3 | 3 | 3 |
| 78 | **Curtis Lumber,** Ballston Spa, N.Y. | 17 | 15 | 22 | 20 | 75 | 75 | 6 | 6 | 7 |
| 79 | **Kindt,** Lomira, Wis. | 17 | 17 | 30 | 30 | 55 | 55 | 6 | 6 | 7 |
| 80 | **Levy's Lumber & Building Centers,** Louisville, Ky. | 17 | 16 | 17 | 16 | 98 | 98 | 3 | 3 | 4 |
| 81 | **Budget Power,** Hopkins, Minn. | 16 | 15 | 18 | 17 | 90 | 90 | 7 | 7 | NA |
| 82 | **L-P Home Centers,** El Segundo, Calif. | 16 | 15 | 25 | 25 | 65 | 60 | 7 | 8 | NA |
| — | **Lumbermen's of Washington,** Shelton, Wash. (see Lanoga) | 16 | 14 | 20 | 17 | 80 | 80 | 5 | 5 | NA |
| 83 | **Bonanza Building Centers,** San Jose, Calif. | 15 | 12 | 15 | 12 | 100 | 100 | 6 | 4 | NA |
| 84 | **Causeway Lumber/Red Thumb Home Centers,** Fort Lauderdale, Fla. | 14 | 16 | 36 | 39 | 40 | 40 | 4 | 4 | 4 |
| 85 | **Lezzer Lumber,** Curwensville, Pa. | 14 | 13 | 20 | 22 | 70 | 60 | 4 | 4 | 5 |
| — | **Lundy-Briggs,** Williamsport, Pa. (see American Maize Products) | 14 | 17 | 20 | 29 | 70 | 60 | 15 | 21 | NA |
| 86 | **Strober Bros.,** Brooklyn, N.Y. | 14 | 12 | 40 | 35 | 35 | 35 | 9 | 10 | 9 |
| 87 | **Brown's Lumber,** Fairmont, W. Va. | 13 | 11 | 16 | 15 | 81 | 73 | 7 | 7 | 7 |
| 88 | **Alexander Lumber,** Aurora, Ill. | 12 | 8 | 40 | 40 | 30 | 20 | 60 | 60 | 60 |
| 89 | **Bailey Lumber,** Bluefield, W. Va. | 12 | 11 | 20 | 19 | 60 | 60 | 18 | 18 | 16 |
| 90 | **Builderama,** Savannah, Ga. | 12 | 11 | 15 | 14 | 80 | 79 | 5 | 5 | 6 |
| — | **Everitt Lumber,** Fort Collins, Colo. (see Weyerhaeuser) | 12 | 12 | 30 | 30 | 40 | 40 | 5 | 5 | NA |
| 91 | **Fullerton Lumber,** Minneapolis | 12 | 13 | 31 | 33 | 40 | 40 | 65 | 70 | 65 |
| 92 | **The Hardware Fair,** Baltimore | 12 | 11 | 12 | 11 | 100 | 100 | 10 | 10 | 10 |
| 93 | **Lumber Headquarters,** Floral Park, N.Y. | 12 | 11 | 13 | 12 | 90 | 90 | 12 | 12 | 13 |
| 94 | **Williams Bros. Lumber,** Atlanta | 12 | 10 | 30 | 25 | 40 | 40 | 8 | 7 | 9 |
| 95 | **Wood Bros. Lumber,** Tucson, Ariz. | 12 | 12 | 13 | 13 | 90 | 90 | 2 | 2 | 2 |
| 96 | **Alamo Lumber,** San Antonio, Tex. | 11 | 10 | 19 | 17 | 60 | 60 | 16 | 16 | 17 |
| 97 | **Conklin Cash & Carry,** Warwick, N.Y. | 11 | 11 | 13 | 13 | 85 | 85 | 7 | 7 | 8 |
| 98 | **Elgin Lumber,** Elgin, Ill. | 11 | 11 | 19 | 18 | 60 | 60 | 6 | 6 | 6 |
| 99 | **Robertson Cos.,** Grand Forks, N.D. | 11 | 14 | 28 | 35 | 40 | 40 | 30 | 30 | NA |
| 100 | **TAPJAC,** Carthage, Mo. | 11 | 9 | 18 | 18 | 60 | 55 | 13 | 13 | 13 |

*All figures from annual reports, company officials, or NHCN estimates based on market and industry data. Figures for companies operating on fiscal year basis have been adjusted into 1982 calendar year for comparison purposes.*

*NA—not available*

## Hechinger

LANDOVER, Md.—Hechinger, the mid-Atlantic chain, added three stores to its current markets this year for a total of 34 units and will end 1982 poised to enter a new territory, North Carolina.

This expansion and the filling in of other markets, such as Philadelphia where three of a projected 15 stores have so far been opened, will probably be internally financed.

As of July 31, the company had cash on hand and marketable securities in excess of $22 million in addition to a credit line of $7 million.

The company's cash position was strongly helped by the sale of 800,000 shares of common stock in September 1980, which generated about $16.5 million slated for the Philadelphia expansion and store openings in other markets.

For the 12 months ended January 1982, interest income on that money amounted to $4.2 million. In the following first half interest income remained only slightly off, reaching almost $2 million for the period ended July 31.

At the same time, Hechinger stores performed strongly, with sales and earnings up for the first half of this year compared with the year before.

In an interim report to stockholders the company reported that second-quarter sales and earnings reached their highest point ever in the 71-year history of Hechinger.

The 13 weeks ended July 31 produced net income of $3 million on sales of $67.2 million. Income was up 37% from $2.1 million a year earlier, while sales increased by about $10 million or 16%.

In the second quarter, income as a percentage of sales increased from 3.7% to 4.5%. Over the first half of 1982 the same comparison increased from 3.6% for the 26 weeks ended Aug. 1, 1981, to 4.1% for the period ended July 31, 1982.

The first half produced net earnings of $5.02 million, up 26% from $3.9 million a year earlier, while sales advanced 11% to $121.9 million compared with $109.6 million in 1981.

The expansion into North Carolina, scheduled to begin in February 1983, will be made possible by a 25% increase at the Landover, Md., distribution center, bringing the total space to 500,000 sq. ft.

The additional area will allow Hechinger to open stores more than 200 miles from its home base for the first time.

Along with extending the 200-mile radius, Hechinger will now be able to operate a total of 55 stores.

**HECHINGER**

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 34 | 31 |
| DIY sales | $240 mil. | $211 mil. |
| Total sales | $240 mil. | $211 mil. |
| % DIY | 100 | 100 |

Source: NHCN

## Scotty's

WINTER HAVEN, Fla.—Scotty's chalked up its seventh straight year of record sales in its 1982 fiscal year ended June 30 with volume of $308 million, $237 million from DIY sales.

In fiscal 1982, the average annual sales per unit were $3,588,820. Average sale per customer was $21.93, while average sales per square foot were $95.30.

DIY sales climbed 15% in 1982 with the addition of 16 stores. New stores opened in Seminole, Brandon, Tallahassee (2), Port Orange, Bayonet Point, Pine Hills, Palm Beach Garden and Hollywood over the past year. In addition, Scotty's acquired the seven-store RBC lumber and building supply chain in the Florida Keys and those stores began operating as Scotty's outlets in May. It subsequently consolidated two of the acquired units into one.

While consumer sales at Scotty's were strong, contractor sales for fiscal 1982 were off approximately 17%.

Scotty's is projecting continued expansion with the addition of six stores by the end of fiscal year 1983. Scotty's wound up this fiscal year with $12 million slated for continued expansion of the 99-store chain. The chain plans to focus on the Florida market covered by its existing advertising base; ultimately, Scotty's plans to operate 150 stores.

Total inventories were reduced 5% to $47.5 million in fiscal 1982. Inventories were reduced in stores and in Scotty's 605,000-sq.-ft., Winter Haven distribution warehouse, even though Scotty's ended the year with 16 additional stores and 12% more sales space than 1981.

Scotty's introduced a new mail-order service through its thrice-yearly, 9,000-item catalog in March. Scotty's will ship to all 50 states, although initially the catalog will be distributed at its stores. Mail-order sales for the first six months of the program were $40,000 to $50,000.

In a personnel move, Dennis Stults was promoted to executive vice president and was elected to Scotty's board of directors. Stults is overseeing buying as well as sales and retail store operations.

**SCOTTY'S**

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 98 | 83 |
| DIY sales | $237 mil. | $206 mil. |
| Total sales | $308 mil. | $294 mil. |
| % DIY | 77 | 70 |

Source: NHCN

## Evans

(Continued from page 15)

stores, down from 348 a year ago. The DIY volume increased a few percentage points to 88% of total volume. Grossman's, which is the furthest flung chain with stores on both coasts, had 199 units.

There were some major operational changes. Henry D. Kirschner started 1981 taking over as Grossman's vice president and general merchandise manager.

This spring he took over as president of Lindsley and soon announced that the 43-store chain would be divided into two regions.

Lindsley, the only Evans chain that is 100% DIY, had projected sales this year of $134 million, up from $125 million in 1981.

In contrast, Hubbard & Johnson, the 50% contractor chain that operates in California, will end the year about $5 million short of last year's $60 million volume.

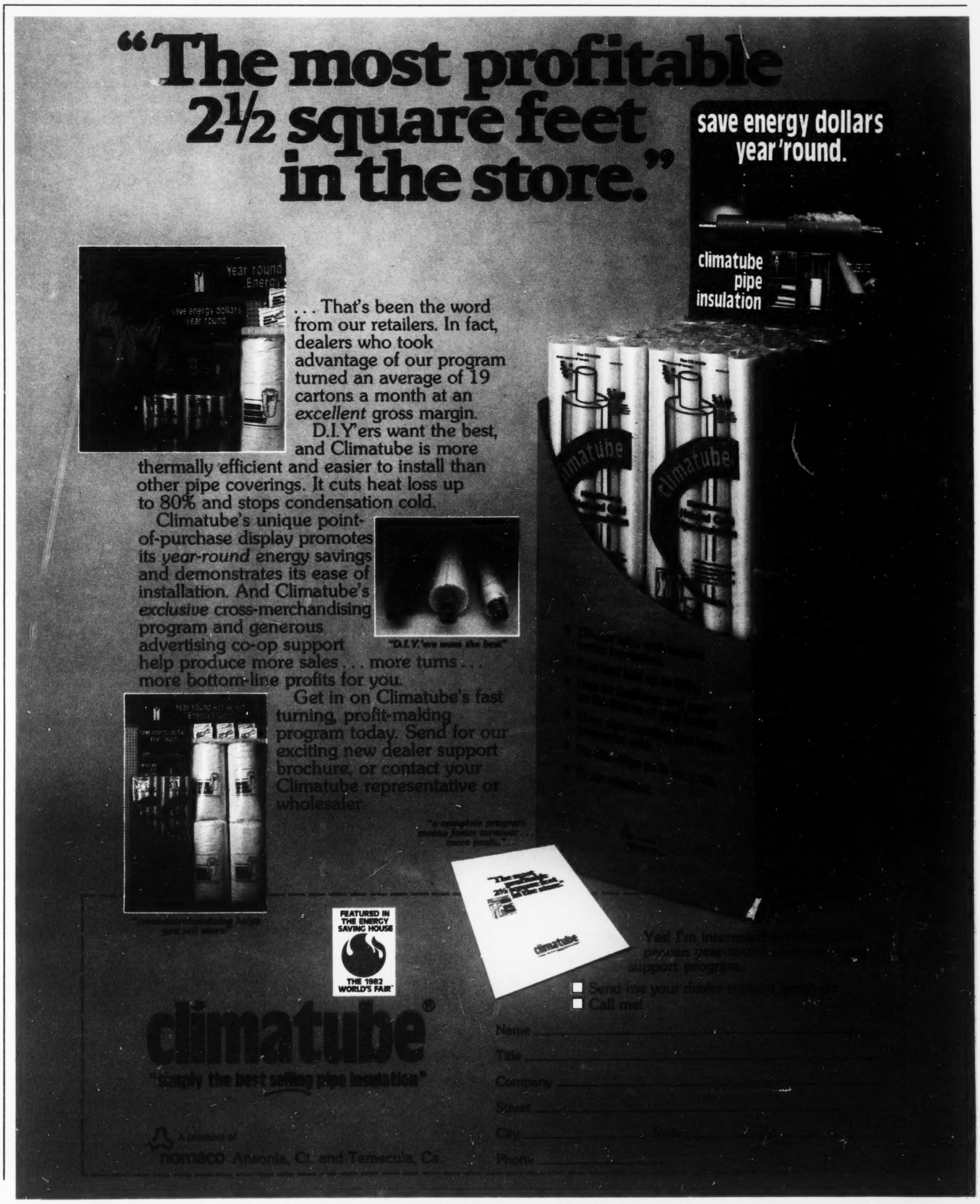
At the same time, Moore's, with 86 stores in the South and mid-Atlantic regions, is expected to end the year with sales of about $150 million compared with $144 million last year.

The DIY portion of Moore's total volume probably increased somewhat during 1982 to around 70%. Alamo, the smallest Evans chain, with nine stores and $38 million in sales projected for 1982, also probably boosted its DIY volume somewhat. Its 1981 total sales were $35 million.

With five chains so diversified in size, geography and orientation, the big question facing Evans as 1982 draws to a close, is whether a single buyer can be found for the entire package, which is the way the firm hopes its retail division can be sold.

With an estimated asking price of over $300 million, Evans, through its investment broker Salomon Bros., is approaching potential buyers who are already in retailing, are interested in diversifying into the industry or may be in related industries.

The deal, which would probably have to be in cash, could make the buyer an instant giant in the home center industry.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Yes! I'm interested in [illegible] proven year-round [illegible] support program.

☐ Send me your dealer support brochure.
☐ Call me!

Name ______
Title ______
Company ______
Street ______
City ______ State ______
Phone ______

## Rickel

SOUTH PLAINFIELD, N.J.—Transition was the operative word at Rickel Home Centers this year. Not only did the chain name a new president but it also attempted to achieve more uniformity in its stores by reducing the size of its 100,000-plus-sq.-ft. units to conform more with its 50,000-sq.-ft. prototype.

Stanley Abramson, who was Rickel's chairman as late as 1979, became the new president and ceo, replacing Kenneth Peskin who moved on as executive vp for the 117-unit Pathmark supermarket chain. Both Rickel and Pathmark are divisions of the $3 billion Supermarkets General.

The chain did $111,004,000 in the first half of this year, and for the 52-week period ended July 31, the chain's volume was $202,208,000. *NHCN* estimates that, by the end of fiscal 1982, Rickel's sales will be $220 million, all of which are to DIYers.

The chain trimmed more than 240,000 sq. ft. of floor space from eight of its stores in New York and New Jersey. "These stores were simply too big for our current needs," said senior vp-sales/merchandising Will Vachon. The excess space has been leased out to several vendors, many of whom reported increased sales resulting from the retrofitting (*NHCN*, April 12).

The chain, which started the fiscal year with 31 units, opened stores in Staten Island, N.Y., and Shillington, Pa., each approximately 45,000 sq. ft. with 10,000 sq. ft. of outdoor selling space. Rickel plans to open one more store this year and at least two more in 1983, one being located on an 11-acre tract of land the company recently purchased in Glenolden/Darby, Pa. That store is scheduled to open in the spring of 1983.

In line with its expansion plans, the chain appointed Bernard Wallach to the new position of vp-real estate division. Since 1976, Wallach had been director of real estate for the chain, and previous to that had been a real estate negotiator for Supermarkets General.

### RICKEL HOME CENTERS

| | 1982 (proj.) | 1981 |
|---|---|---|
| Units | 34 | 31 |
| DIY sales | $220 mil. | $187 mil. |
| Total sales | $220 mil. | $187 mil. |
| % DIY | 100 | 100 |

*Source: NHCN*

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# 1982 Consumer sales by category

| CATEGORY | 1982 CONSUMER SALES (Proj. in millions) |
|---|---|
| **Lumber/Plywood** | **$7,100** |
| Dimensional lumber | 4,800 |
| Plywood | 2,300 |
| **Hardware** | **3,300** |
| Builders hardware | 2,460 |
| Fastners/nails | 841 |
| **Lawn & Garden** | **1,950** |
| **Paint/Sundries** | **2,100** |
| Paint | 1,470 |
| Sundries | 508 |
| Brushes/rollers | 111 |
| Sandpaper | 11 |
| **Paneling/Hardwood** | **1,700** |
| **Hand & Power Tools** | **1,616** |
| Hand tools | 949 |
| Power tools | 668 |
| **Millwork** | **1,610** |
| **Roofing** | **1,590** |
| **Plumbing** | **1,412** |
| Fixtures | 522 |
| Fittings | 890 |
| **Electricals** | **1,265** |
| Electrical supplies | 902 |
| Lighting fixtures | 363 |
| **Kitchen Cabinets/Vanities** | **883** |
| **Floor Covering** | **801** |
| Resilient tile | 312 |
| Sheet flooring | 257 |
| Hardwood flooring | 156 |
| Carpeting | 76 |
| **Heating** | **679** |
| Nonelectrical heating | 382 |
| Stoves/fireplaces | 297 |
| **Insulation** | **637** |
| **Fencing** | **442** |
| **Wallcovering** | **311** |
| **Ceiling Tiles** | **311** |
| **Automotives** | **307** |
| **Adhesives/Sealants** | **174** |
| **Drapery/Blinds/Shades** | **80** |
| **Unfinished Furniture** | **77** |
| **Laminated Plastic** | **59** |
| **Ceramic Tiles** | **41** |

*Source: NHCN, Frost & Sullivan,*

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# Imports, higher-end goods cause stir in tool market

NATIONAL REPORT—The impact of imports on the domestic market and the trend, at the retail level, towards higher-end merchandise were the dominant elements in the hand and power tool category this year.

Imported tools now make up about 20% of United States market sales, and both manufacturers and retailers are starting to pay closer attention to this competitive force. "Whether the import tool is a better tool isn't important," noted Norman Romito, power tool buyer for Ace Hardware, Oak Brook, Ill. "It's the customers' perception that it's a better tool and has heft and weight and can be abused a bit."

Retailers report that imports have yet to make a serious dent in the domestic hand tool makers' dominance in the market. In fact, according to responses to a survey conducted by *NHCN*, almost half of the 42 chains polled said they carry no imported tools, with nearly as many indicating that import brands account for 10% or less of the total sku's in their departments.

### The heat's on

However, it is undeniable that foreign tool maker-importers like Bosch, AEG and, more significantly, Makita, are causing domestic power tool companies a lot of headaches. In fact, Black & Decker, which suffered a 36.5% drop in earnings in 1981, has been phasing out its "trade" line in favor of a more expensive and durable industrial line of power equipment. Group vp and gm James Barcus conceded this move was a "competitive response" to the challenge from the imports.

One of the reasons hand tool makers have been able to ward off foreign invaders is that the quality of domestic products still far exceeds that of tools made overseas. And home center retailers now feel that quality has become the key feature in their hand tool merchandising.

### Voices disagreement

"Some chains have been able to make money with hand tools at the low end, but we're not interested," said Dan Aulwurn, buyer for Louisiana-Pacific, El Segundo, Calif. "Our customers are buying at the high-middle end so that's where our program is positioned."

A number of other chains have been reassessing their tool department profitability, and seem to be opting for better merchandise (*NHCN*, Aug. 16). In the aforementioned survey, retailers reported that the average margin in their tool department was 37.5%, and that the department generated an average 11.7% of stores' sales. "For the most part, we'll stock those tools that have the greatest DIY appeal," said one buyer for a large Midwestern chain that is re-evaluating its tool department on an item-by-item basis. "And the trend seems to indicate that consumer preference is for the higher-end merchandise."

Whether this means that retailers will be cutting back or adding to their tool lines is difficult to ascertain. Some chains, like Hechinger, Home Depot, Gee Lumber and L-P, prefer to overwhelm customers with mass merchandising, whereas other chains, such as Lindsley, Forest City, Payless Cashways and Grossman's, appear to favor a more selective approach, emphasizing high-quality, faster-turning tools.

It is estimated that home centers will sell about $1.6 billion worth of hand and power tool equipment this year, and the opportunities for further sales growth still exist. According to the homeowner study conducted jointly by *NHCN* and the National Assn. of Home Builders, 11.5 million households purchased a hand tool over the past year, and 6.6% of the survey's respondents said they would buy the product over the next year, which equates to 2.93 million homes.

However, the market for power tools appears to be waning slightly: while about 10 million households bought power tool equipment over the past year, only 4.5% of the respondents—or the equivalent of 1.9 million homeowners—planned a power tool purchase next year.

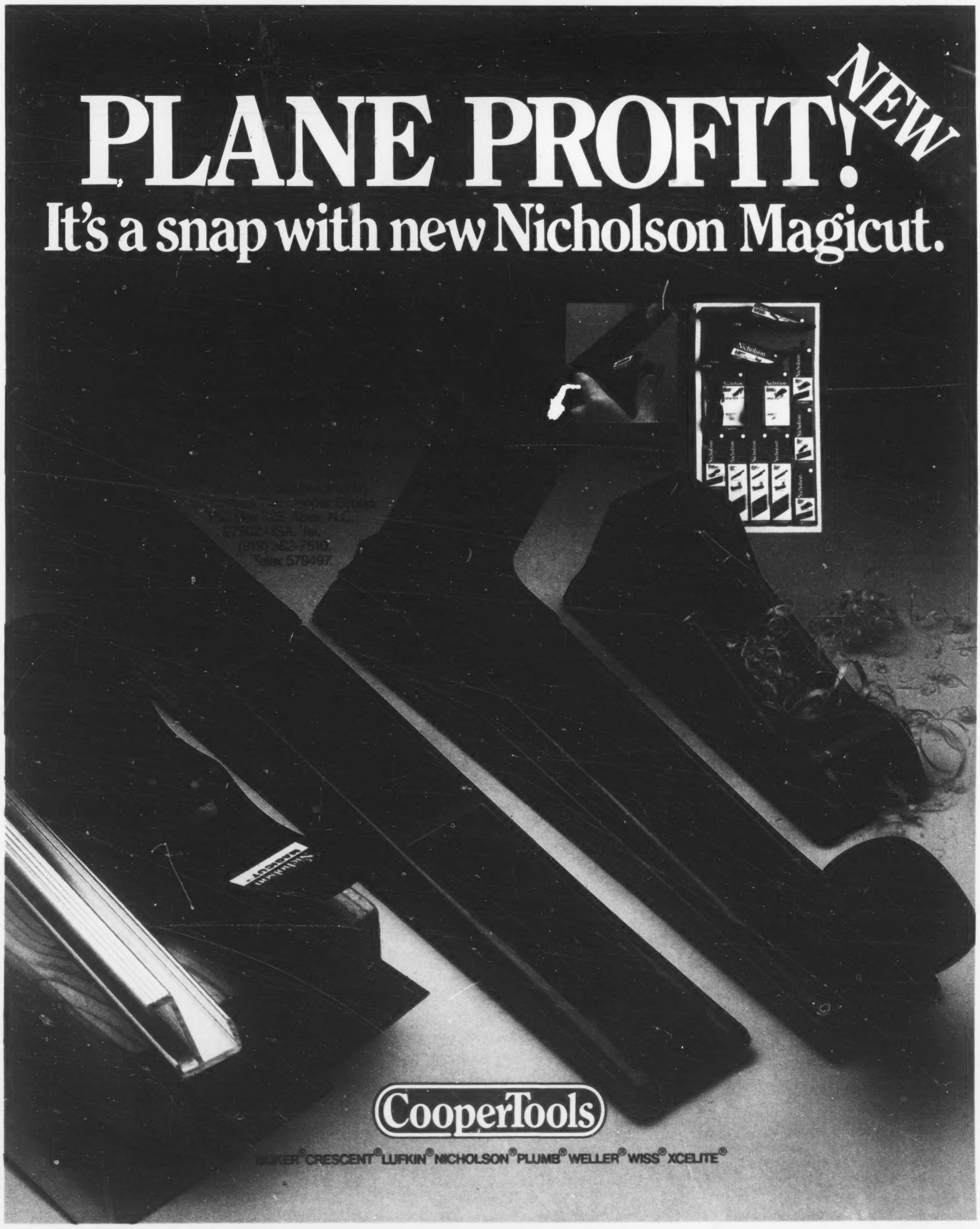
Other issues that both retailers and manufacturers of tools have confronted this year include problems of freight and inventory cost vs. the desirability of direct shipment (with most retailers claiming they will go two-step only if there is a price advantage); whether DIY instructions and information are best conveyed on packaging, through in-store product demonstrations or by knowledgeable sales people, (with no real consensus forming); and whether there is anything to be gained by offering consumers the opportunity to rent tools (most dealers gave thumbs down to this merchandising ploy).

### *HAND AND POWER TOOLS*

**Total Consumer Sales: $1.616 billion**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| **Annual Turns** | 4.1 | 5.0 |
| **Gross Margin** | 31% | 32% |
| **GMROI** | 127% | 160% |

*Source: NHCN, Frost & Sullivan, Home Center Institute*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# DIY floor covering sales to reach $800M in 1982

NATIONAL REPORT—Home center operators will ring up an estimated $800 million in 1982 for floor covering products.

Vinyl tile appears to be the most frequently DIY-installed flooring product, according to a survey conducted by the TRAC division of National Family Opinion. The study showed that 84% of those households that bought the product installed it themselves without professional help, compared to about a third of respondents who purchased vinyl sheeting.

However, the TRAC study reported that vinyl sheeting was the most popular flooring product among those who bought flooring, with 45% of the households surveyed purchasing it, compared to 27% who bought vinyl tile.

According to a separate study conducted by *National Home Center News* and the National Assn. of Home Builders (*NHCN*, July 5), 11% of the nation's 44.4 million single-family, owner-occupied households bought vinyl flooring during the 12 months prior to March 1982; 27% purchased carpeting.

In spite of the fact that vinyl sheeting is growing in popularity among consumers, buyers report that home centers are still having difficulty presenting the product as a DIY project. Manufacturers have beefed up the effort to promote sheet vinyl as a do-it-yourself project with increased advertising and marketing aides.

Congoleum, for instance, introduced a new DIY flooring tool called Accu-Marker this year as part of its Pro-Fit program for retailers. It allows DIYers to score sheet vinyl precisely with a wedge-tipped marker.

Armstrong, in addition to in-store merchandising displays that emphasize ease of installation, also offered a "Trim and Fit" installation kit, which it says has reached a level of 80% among its accounts during the past year.

A new flexible flooring was recently introduced by Mannington Mills that requires no adhesive, further simplifying the DIYer's installation work.

With increased advertising budgets from manufacturers, new tools and clinics, some buyers still agreed with Jack Hoffman of Chicago's 13-store Gee Lumber, who said, "We sell four times as much tile as sheet goods."

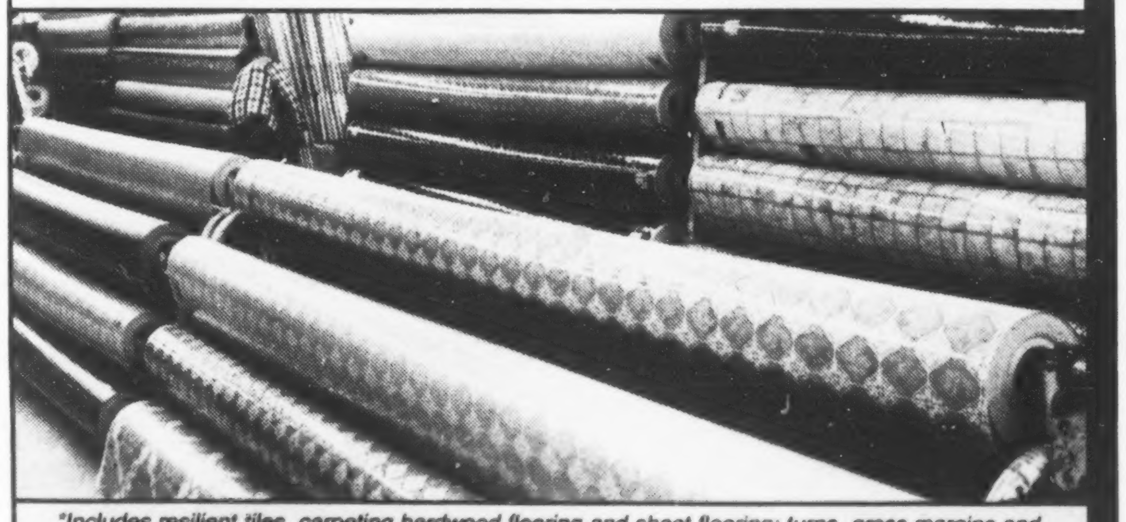
Despite the national figures to the contrary on sheet vinyl sales, another buyer, Paul Neufell, decor manager at Village Home Center, Waltham, Mass., summed up consumer wariness, "Most customers are still afraid of making a bad cut and ruining the whole thing when they've spent $500."

Carpet manufacturers got a long-awaited break this year, when the Federal Trade Commission, after a 12-year struggle, dismissed a proposed labeling requirement this summer. The requirement would have compelled carpet and rug manufacturers to attach care labels to their products.

### *FLOOR COVERING*

**Total Consumer Sales*: $801.1 million**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 5.4 | 6.4 |
| Gross Margin | 27% | 24% |
| GMROI | 146% | 154% |



**Includes resilient tiles, carpeting hardwood flooring and sheet flooring; turns, gross margins and GMROI based on resilient floor tile averages.*
*Source: NHCN, Frost & Sullivan*

## *Payless Cashways*

*(Continued from page 15)*

new posts of regional vice president, stationed in Indianapolis and Dallas, respectively.

The chain also looked to solidify its corporate management. New additions included John Breedlove, who left West Building Materials to become Payless' general merchandise manager, and Wallace Leyshon, formerly a management consultant for the accounting firm Peat, Marwick, Mitchell & Co., who was appointed Payless' new director of corporate planning. In addition, vp-construction/expansion Richard Hemer was named to the new post of senior vice president, with Michael Didier, formerly the chain's construction manager, taking over the vp-construction post.

The company, throughout some managerial shuffling, also showed some of its strategic planning designs. Wayne Reimer, who was the chain's general products merchandise manager, now takes on the duties as special projects manager.

And, in its most ambitious move to date, Payless is beginning to develop a computerized Management Information System to track all merchandise from vendor purchase to point of customer sale. The system, to be completed by 1986, will be overseen by vp-operations and systems Larry Koeppen. Its hardware and software packages are being devised by Bradley Talley, who worked in a similar capacity until recently at the Scotty's chain.

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# DIY chains up ad budgets to create identity in paint

NATIONAL REPORT—Paint and paint sundries continue to be at the forefront of home center merchandising, although aggressive promotions and retail price slashing have reportedly eroded profits for some chains.

Nevertheless, many home center retailers have upped their advertising budgets for paint in an effort to give their programs more identity among consumers who, according to one survey, are more concerned with the reputation of the retail outlet than in brands when they shop for paint.

Several retailers were turning to the airwaves to get their paint merchandising message across. For instance, Levy's Lumber, Louisville, Ky., had two of its buyers discuss the product and its DIY application during a home improvement radio broadcast the chain sponsors on Friday nights. Goodman Lumber in San Francisco used the promotional program provided by its paint supplier as part of a $200,000 merchandising test using radio spots. According to buyer Ken Smith, the chain had 10-15 weeks of spots reserved for paint alone.

### Upswing noted

And at Brookhart Building Centers, Colorado Springs, paint promotion now accounts for 15% of its total ad budget. According to vp Larry Nichols, the chain promotes paint the heaviest—10 times— between March 1 and July 1, mixing up its newspaper, radio and TV ads.

Brookhart is also looking to reduce its 2,300-sku paint department and maintain an average 34% margin with a 20% increase in sales.

However, increases in sales and profits have been easier said than done for many chains. The competition has been "brutal" according to one dealer with chains cutting their prices drastically just to attract customers. "Our industry has just been too aggressive in its paint pricing, and it's really starting to affect margins in our market, which is as cutthroat as any in the country," said Paul Conley, retail sales manager for O'Malley Lumber, Phoenix.

### Major factor

The main dilemma for retailers is their penchant for carrying well-advertised national brands when their competition is stocking the same label. In the past, sheer volume sales and ancillary revenue generated by sundries have compensated for margin reductions, but with the country in the throes of a recession, the volume for many chains has dissipated.

Some retailers, particularly the large chains, have opted for a greater use of private label; others, like Scotty's are carrying the paint of regional suppliers; still others are attempting to mix up their promotions, putting different price points on sale at different times of the month. Busy Beaver, the Pittsburgh chain, is one company using this approach.

Paint, for most home centers, is on sale at least twice a month and sometimes as often as once a week. Retailers, searching for ways to distinguish their departments from the competition, reportedly are employing stronger in-store signing, cleaner, more succinct tab advertising, and are emphasizing the features of the paint product they carry to a greater degree.

How effective any of this promotion is remains a matter of conjecture. According to a survey conducted by Rohm & Hass, the Philadelphia-based chemicals manufacturer, while 8.2 out of every 10 respondents were satisfied with the most current paint they used, 41% said they had switched paint lines in their last purchase, with 65% switching on each of the last two purchases. When asked why they had bought a different label of paint, a full 59% answered "I don't know."

The survey cataloged where consumers were most likely to purchase paint. Paint stores finished first, capturing 36% of all four markets tested, with Sears second (32%) and home centers third (10%).

This survey also showed that consumers were acutely aware of the differences between low-and high-end paint, and understood the basic plusses and minuses of buying either. In judging good, better and best paint, those polled showed a marked tendency to pay extra for finer-quality paint products, with 61% of all markets claiming durability as the single most important benefit, 21% looking for single coat coverage (*NHCN*, May 10).

*(Continued on page 54)*

***PAINT/PAINT SUNDRIES***

**Total Consumer Sales: $2.10 billion**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 5.5 | 5.1 |
| Gross Margin | 39% | 39% |
| GMROI | 215% | 199% |

*Source: NHCN, Frost & Sullivan, Home Center Institute*

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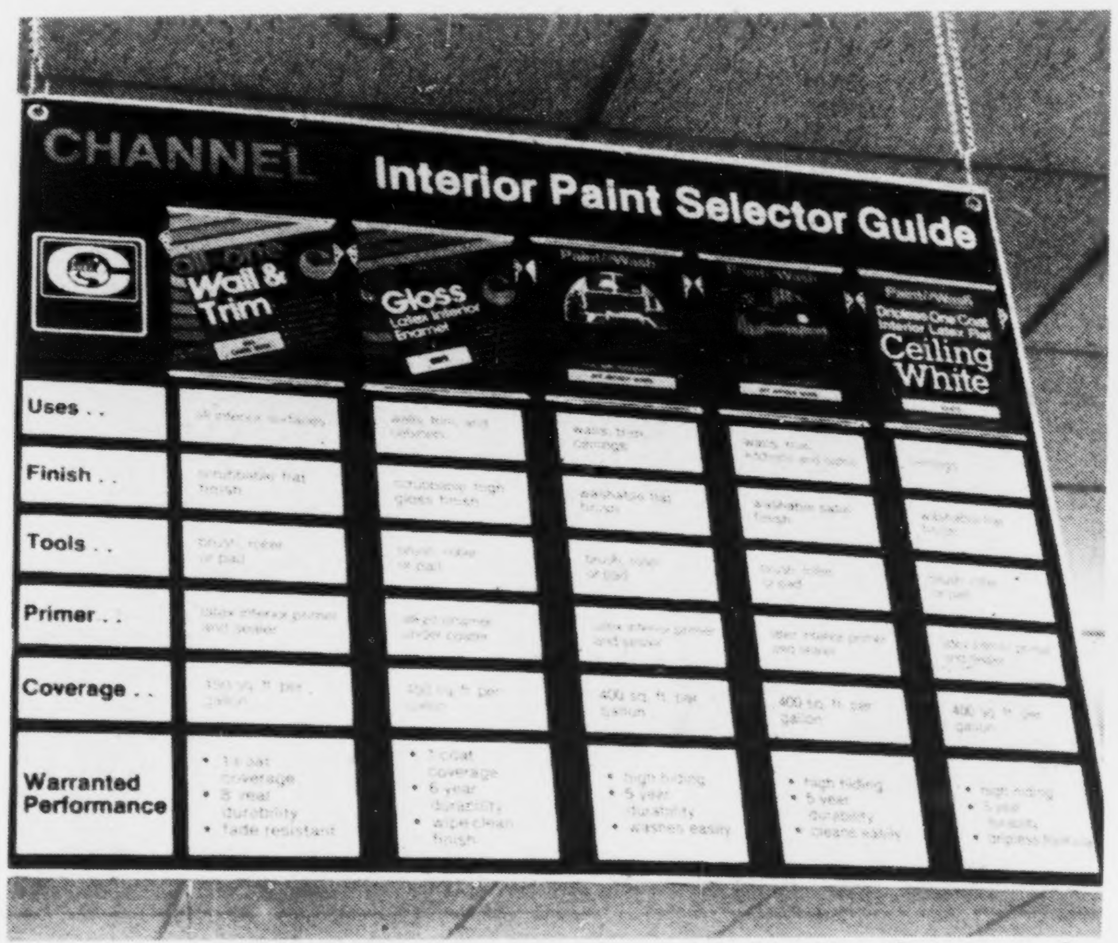
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*Vastly improved in-store signage, giving consumers the more detailed information needed in selecting the right paint products, is one way Channel Home Centers, in its Wappinger Falls, Pa., unit, distinguishes its paint department from its competitors.* NHCN photo

*Chase-Pitkin, Rochester, shows off its private label paint program which generates close to $3 million annually for the nine-unit chain. Private label merchandising has been one method retailers have tried to prod sales in a highly competitive paint market.* NHCN photo

# Paint ad budgets

*(Continued from page 53)*

That quality is an important element in a paint purchase among consumers should surprise few retailers. Responding to a recent *NHCN* survey conducted among 176 home center dealers, 73% noted quality as a "very important" element in their carrying one paint product over another, with service finishing second (58% response level).

This study also showed that retailers were looking to reduce the number of lines they carried, possibly to ease inventory pressures, but more probably to capitalize on the one or two paint lines they have sold successfully in their markets. Of those responding to this question, 88% of the retailers said they carried only two paint lines, with close to 60% using only one vendor; in the stain category, 83% of the respondents stocked two brands, with 45.3% carrying one.

## Figures analyzed

Paint also appears to be accounting for a lower portion of storewide sales than in the past, according to the survey. Over 60% of those polled said that paint/stain sales represented only 5%-10% of their store's total volume; and 16% replied that these products generated less than 10% of their store's earnings. Previously, retailers have all pointed to sales and earnings from paint as being anywhere from 15%-20% of their store's volume.

Despite having to compete with Sears, the 851-unit giant that industry sources claim owns at least 25% of most paint markets, home centers are also up against paint specialty chains, which have seen substantial growth over the last couple of years. One of these, the 567-unit Color Tile, told a group of security analysts in New York this summer that 17%-21% of all the products it sells, including paint, would be manufactured in its new plant in west Chicago, Ill.

And Standard Brands, the 91-unit, $220 million chain in Torrance, Calif., has further expanded its network of distribution through its purchase of the Denver-based KWAL Paints, which included 25 stores and a manufacturing facility. Standard Brand officials projected sales of $9 million from this segment alone by next year.

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# Higher-ticket sales mark panel/molding department

NATIONAL REPORT—Paneling and molding remained popular items with DIY customers this year and significant profit makers for retailers, with paneling turning about five times at gross margins of 35%, while molding fetched margins of 50% and up.

A survey conducted by *National Home Center News* and the National Assn. of Home Builders found that 9.8% of the owners of single-family, detached homes had purchased paneling in the past 12 months, while 10.4% had bought molding.

In both cases the products were overwhelmingly DIY, with 61% and 69% of homeowners, respectively, doing their own installation. The survey (*NHCN*, July 5) also found that occupants of older homes seemed to show a greater preference for the products.

In terms of price, while there was still a market for lower-end items, DIYers were showing stronger interest in high quality, real wood products in paneling. In molding there was a similar interest in quality and decorator usage.

### Changing attitudes

One of the year's interesting stories about changing customer tastes in molding came from Erb Lumber, Birmingham, Mich., which remodeled its store fronts and certain inside areas last year with a 1x4 tongue and groove, kiln-dried, inland red cedar that it did not stock for sale.

Customers started asking for the paneling, however, attracted by its handsome, real-wood appearance. Erb has since sold more than 100,000 board feet, according to Pat Young, vice president, purchasing. It sells for 33¢ per linear foot at a margin near 50%.

"We're looking at wood siding for interior applications for accent walls," said Young.

### Strength examined

Customer interest in rich looking wood paneling was also noted by Bernie Bernstein, president of Mid-State Lumber, a Somerville, N.J., wholesale operation that sells mostly to retail yards.

Mid-State offers 1x6 clear cedar and redwood that is being used both inside and out. Inside use would be the rough equivalent of spending $33 per 4x8 sheet of paneling.

"People are becoming more quality minded. They're moving less and when they put something up, they put it up to stay," said Bernstein.

A market report prepared this year by the Western Wood Products Assn. drew a similar conclusion: "Again, we found that in most areas paneling is becoming more popular," the report summarized. "People look upon solid board paneling as something that is solid and real, not phoney or fake. They are willing to spend a little extra for the real thing."

The story this year in molding was similar. Customers, who in the past were content to finish a room with strips of cove and base, are becoming more interested in highly decorative profiles. Home centers and the molding industry were beginning to respond to this emerging customer interest.

"As a group of merchants we may have missed the boat a little bit," said Greg Wessling, Lowe's vice president, merchandising. "For $20 of chair rail molding a customer may make a room look as if it underwent a $400 improvement."

Indeed, Lowe's, determined not to miss that sales opportunity, completed the first year of its "cut-to-length real wood molding program." The program initially involved 12 molding styles in 7-ft. and 8-ft. lengths, displayed vertically next to paneling in a decorator area, rather than with lumber. The program will probably be expanded.

"You've got to offer the customer more than casing, base and crown," said Wessling. "You've got to have picture, chair rail and cove, the glamour moldings."

To stimulate customer interest in the decorative possibilities of molding, the Wood Molding and Millwork Assn.

(Continued on page 70)

**PANELING/HARDWOOD**

**Total Consumer Sales: $1.700 billion**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 5.0 | 5.3 |
| Gross Margin | 32% | 30% |
| GMROI | 160% | 159% |

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AU COIN DU

Source: NHCN, Frost & Sullivan

## Correction

In the Oct. 11 article "Survey: Quality and service key in paint vendor choice," a bar chart of paint/stain sales as a percentage of total home center volume should have shown that 62% of the respondents said the products' sales made up between 5%-10% of their stores' volume, with 9% of the respondents claiming that paint/stain sales represented 20% or more of their stores' total.

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# Kitchen remodeling is top DIY alteration: Survey

NATIONAL REPORT—Kitchen remodeling was the DIY alteration most often completed this year by owners of single-family, detached homes, according to a special report on DIY activity (*NHCN*, July 5).

The survey, conducted by *NHCN* and the National Assn. of Home Builders, showed 5.1% of the sample, equivalent to 2.26 billion households, completing the job on their own over the past 12 months.

DIYers, on average, spent $1,550 on the project which, projected nationally, totaled $3.5 billion.

This year many home center chains remerchandised their kitchen departments, in an effort to take advantage of this trend, by glamorizing their kitchen departments. But surprisingly, a national promotion "National Kitchen and Bath Week" slated for Sept. 18-26 and sponsored by the American Institute of Kitchen Dealers, received a very low level of participation in the home center industry.

### Concept hailed

Stan Shapiro, bath buyer at Somerville Lumber, thought it was "a tremendous promotional opportunity for home centers that don't advertise on a regular basis."

Somerville Lumber, however, advertises continuously and is known throughout the area from six-times-a-year, 12-page, color flyers that feature at least a full page of bath products and two pages of kitchens, in addition to other advertising.

Home centers with a commitment to kitchen and bath departments generally feature and sell high-glamour products. Buyers like Shapiro at Somerville, and others in chains that have "romanced" their displays find that high-end products move easily.

"It's not uncommon for us to sell two or three $3,000 or $4,000 high-grade bathtubs with whirlpools or jacuzzis a week," Shapiro said.

The emphasis at an increasing number of home centers this past year was the establishment of realistic settings for bath and kitchen products, which also lead to more opportunities for cross merchandising of other home-center products such as lighting, flooring, and wall coverings.

Some stores remodeled their kitchen departments during the slower winter months, because the majority of kitchen sales seem to occur during the spring through fall season.

Somerville added two new European designs to its kitchen department last March.

Edward Hines Lumber moved the kitchen department to the front of the store in several Chicago locations in an effort to get as much glamour up front as possible. Lloyd Lumber, Danbury, Conn., redesigned its kitchen departments last spring, adding new lines and dropping slow movers. A total of seven cabinet lines will be carried in the new departments.

Forest City remodeled its kitchen departments this year in a move to make more merchandise available while tying up less inventory. The remodeling withdrew all built-in displays in favor of modular, freestanding cabinets, which made discontinuing a line easy if sales were slow.

Forest City changed a few suppliers during the remodeling process. Some outmoded lines were replaced with a more modern look. At most outlets Forest City carries six lines of kitchen cabinets.

One of the slow movers Forest City removed were knockdown cabinets, a product that many chains are finding difficult to sell. The reason, many buyers agree, is that the price difference between knockdowns and assembled cabinets is not great enough to justify the extra labor in the eyes of customers.

Remodeling definitely paid off. Hines experienced a jump in kitchen sales from 5% to 15% of total sales at the stores featuring the new up-front kitchen department. Somerville Lumber's constantly changing kitchen departments accounted for 18% of the stores volume. Lloyd Lumber estimated that 15% to 20% of its 1982 business would be from kitchens.

**KITCHEN CABINETS/VANITIES**

**Total Consumer Sales: $883 million**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 4.5 | 5.1 |
| Gross Margin | 37% | 34% |
| GMROI | 167% | 173% |

Source: NHCN, Frost & Sullivan

## Sutherland

(Continued from page 17)

have purchased some new sites."

Sutherland did project a 14% growth in sales for 1982, despite soft sales in the Midwest and East this year when the chain fared better in the Sunbelt.

The chain is banking on new TV commercials, conceived by its in-house advertising agency, that are custom-created for individual markets. The five markets that received the bulk of Sutherland's 1981 ad dollars were Kansas City ($117,200), Omaha ($65,600), San Antonio ($65,300), Tulsa ($64,000) and Denver ($61,900).

The chain's TV ads are designed to encourage long-term customers rather than one-shot, promotional traffic.

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The 5-Way Flo-Massage Showerhead

Water Saver Pulsating Massage Showerhead

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We proudly introduce our royal couple of Massage Showerheads. On the left, our 5-Way Flo-Massage showerhead. Simply by dialing their preference, your customers can have slow or fast pulsating massage, regular shower spray or invigorating needle spray. Or, they can have a combination of both shower and massage for the ultimate body treat! On the right, our Massage showerhead, the sleek, princess that delivers at the flick of a lever deep pulsating massage action, a brisk full spray shower, or water saving shut-off. Both heads are precision made of solid brass, cycolac and chrome-plate trim.

# DIY dealers respond to growth in plumbing by increasing mix

NATIONAL REPORT—Home center plumbing and bath departments claimed a greater percentage of total volume than they did three years ago according to a *NHCN* survey done last spring. And those same retailers indicated they plan to respond to the growth by increasing their selection of plumbing and bath products.

Among the 50 chains and independents polled, representing nearly 1,000 stores, dealers said plumbing/bath now accounted for 13.2% of their sales as compared to only 11.7% of sales three years ago. Many respondents said they might increase their sku counts in the category in the next 18 months from as little as 1% to as high as 50%.

The department yields a relatively good average gross margin of 40%, according to the study, while averaging 15% of a home center's retail area.

Plastic pipe showed the best movement with 5.7 average turns, followed closely by plastic fittings and faucets at 5.6, and toilet seats at 5.5.

In fact, plastic fittings and pipe outdistanced their copper and brass counterparts easily. Copper fittings produced average turns of 4.6 with brass fittings reporting 4.5 turns.

### No effect

Plastic pipe did not suffer in the past year from the legal and political controversies that had surrounded its use to carry drinking water in California. Buyers reported that consumers are looking for price when they buy pipe and fittings and are, for the most part, unaware of the safety debate.

Both manufacturers and home center retailers increased efforts to direct plumbing advertising and promotion to female consumers. Companies like Peerless Faucet in Indiana and Kohler in Wisconsin researched the issue and spotted a trend of women as "initiators" of plumbing purchases.

Scott Hutton, national accounts manager for Peerless Faucet, spoke of his company's research: "She's the one who sees the toilet or faucet leaking. And we've tried not only to identify her, but to direct any promotional efforts toward that person."

Peerless is accomplishing that through a "no-tool" concept of installation. Kohler is emphasizing quality in the belief that women are more "quality conscious."

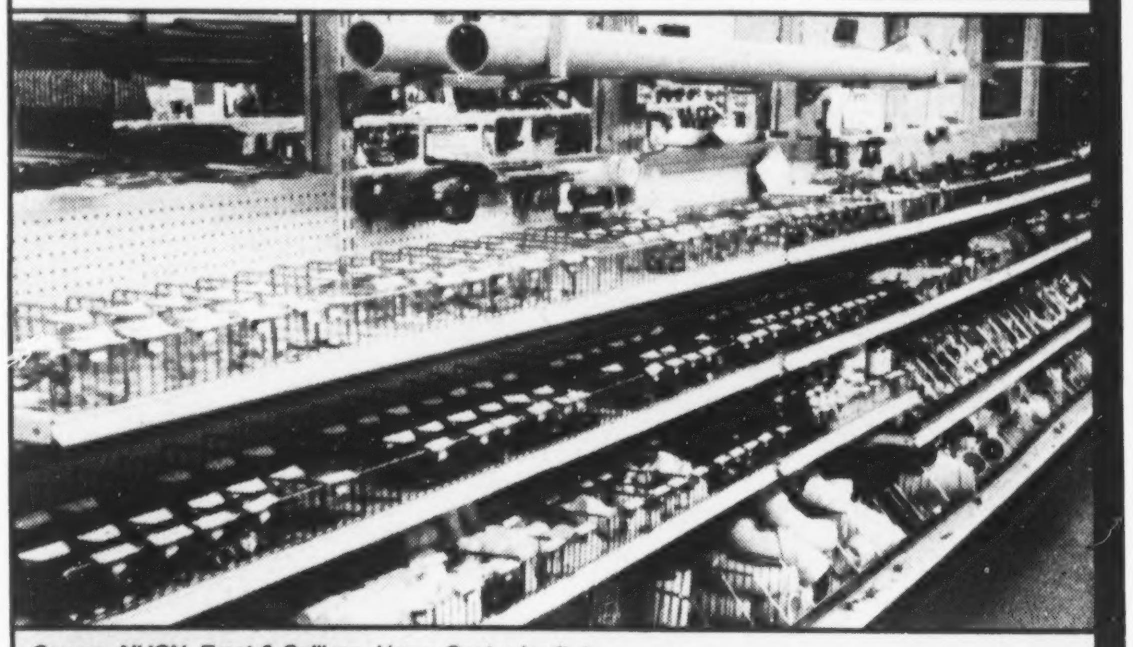
Home center retailers found a growing market throughout the country for brand-name plumbing fittings and fixtures as manufacturers sought a greater share of the DIY mar-

*(Continued on page 61)*

**PLUMBING**

**Total Consumer Sales: $1.412 billion**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 5.1 | 5.4 |
| Gross Margin | 41% | 35% |
| GMROI | 209% | 189% |



*Source: NHCN, Frost & Sullivan, Home Center Institute*

## *W. R. Grace*

*(Continued from page 15)*

(*NHCN*, March 29).

Orchard, the northern California chain, Channel and Handy City were not included in the reorganization. By ceding the Angels/Phoenix stores to the Western region, however, Handy Dan's volume, about $236 million in 1982, became second to the $273 million that Channel is projected to reach in total sales.

In an unrelated personnel change that occurred at about the same time, Robert S. Downie was named to the newly created home center division position of executive vice president. Later in the year, Thomas Thornton Jr. was named vice president of finance and administration for the home center division.

It was Thornton who spent much of June in Atlanta when Handy City took over a former Green/Harris store and turned it into a warehouse sale. Green/Harris, which was acquired in 1979, when Grace bought Daylin, produced sales of about $20 million in 1981, much of it from contractors. The stores were sold or liquidated this year. The Atlanta area outlet where the warehouse sale was held is now a Handy City distribution center.

### Further attempts

All the Grace chains have now adopted an installed sales program, initially in place at Handy Dan. Orchard's program is in its formative stages. Channel heated up its effort in the fall and took another step toward the Handy Dan back-to-basics approach with the increased lumber and building materials presentation at its Saugus, Mass., store opened in September.

David Watkins, a former Montgomery Ward employee, joined Grace in June to head up the installed sales program from the New York office. The rationale for this effort, said Denny, is the belief that there are additional home improvement dollars not being captured because the non-DIYer has been ignored by home centers.

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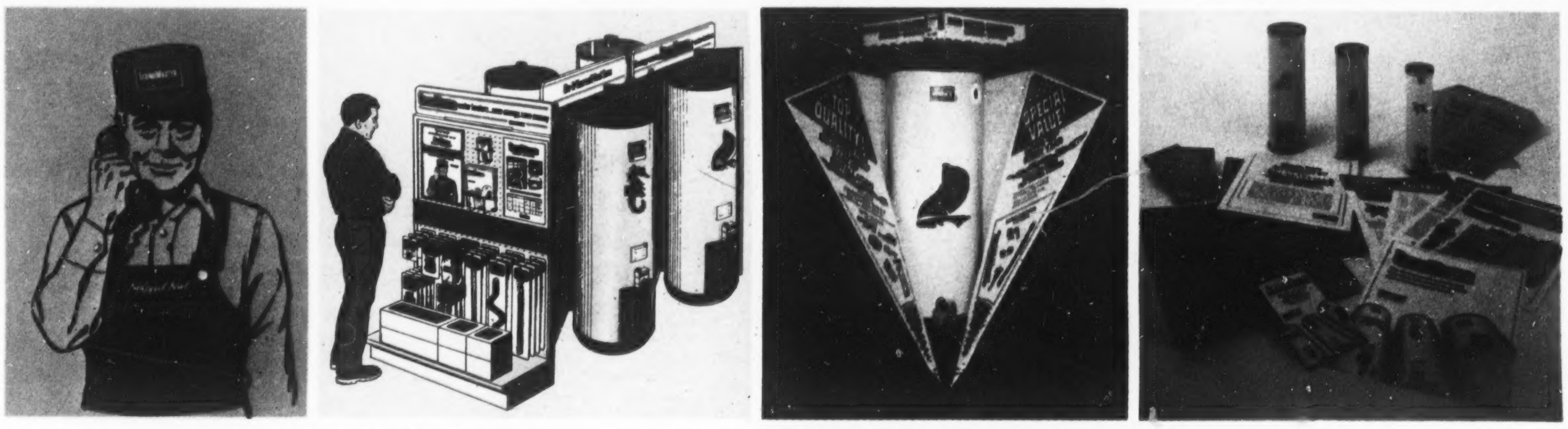

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Energy-efficient Reliance water heaters save your customers money. Most Reliance heaters are insulated with foam that is 175% better than standard fiberglas at retaining heat. Other quality features include glass-lined tanks, Long Life heating elements on electric units and energy saving pilots on gas models, and extra-quick recovery on the top of the line Reliance water heaters.

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Reliance water heaters are designed for DIY ease. When extra help is needed, our "Helpful Hal" program provides special service for you and your customers. A toll-free call to Helpful Hal at the Reliance Plant could save the day and the sale.

**Complete water heater program**
Let Reliance establish you as your neighborhood water heater headquarters. Attractive product line, dynamic sales aids. Selling tips and consumer brochures. Ad planners. Profit Bulletins! Inquire today. Write or call. Reliance Water Heater Co., Cumberland Street, Ashland City, TN 37015. Telephone 800-251-4054.

**RELIANCE**®
WATER HEATER COMPANY

# Plumbing

(Continued from page 59)

ket by emphasizing their trademark as conspicuously as possible.

Manufacturers reported hard bargaining among their home center customers for advertising support this year. Rod Yamin, vp-sales for Price Pfister, Pacoima, Calif., said, "Purchasing agents for home centers came to the show [March Home Center Show] with one direct responsibility: to meet a goal on ads. They do a lot of hammering, and I don't think there's a retailer in the country who would be satisfied sticking within the boundaries of any coop policies."

### Not a major factor

One product which created nothing more than a lackluster ripple in the plumbing market this year was home water filters. In the mid-1970's water filters were thought to promise massive sales, but in 1982 filters produced very little volume in home centers where enthusiasm for the products is waning among retailers.

Retailers felt that various water problems in their markets merited carrying on-faucet filters, under-the-sink filters, or whole-house filtration systems, but dealers were bewildered as to why the products did not catch the attention of consumers. It seems that consumers still view home water filters as exotic products.

When Congress passed the Safe Drinking Water Act of 1974, the Environmental Protection Agency estimated that home water filter sales would jump tenfold from 400,000 units to 4 million in three years, with 70% being sold for on-faucet installation. But while industry sources claim the market has grown to $60 million, the publicity surrounding water filtration has died down, as have sales of filtering products.

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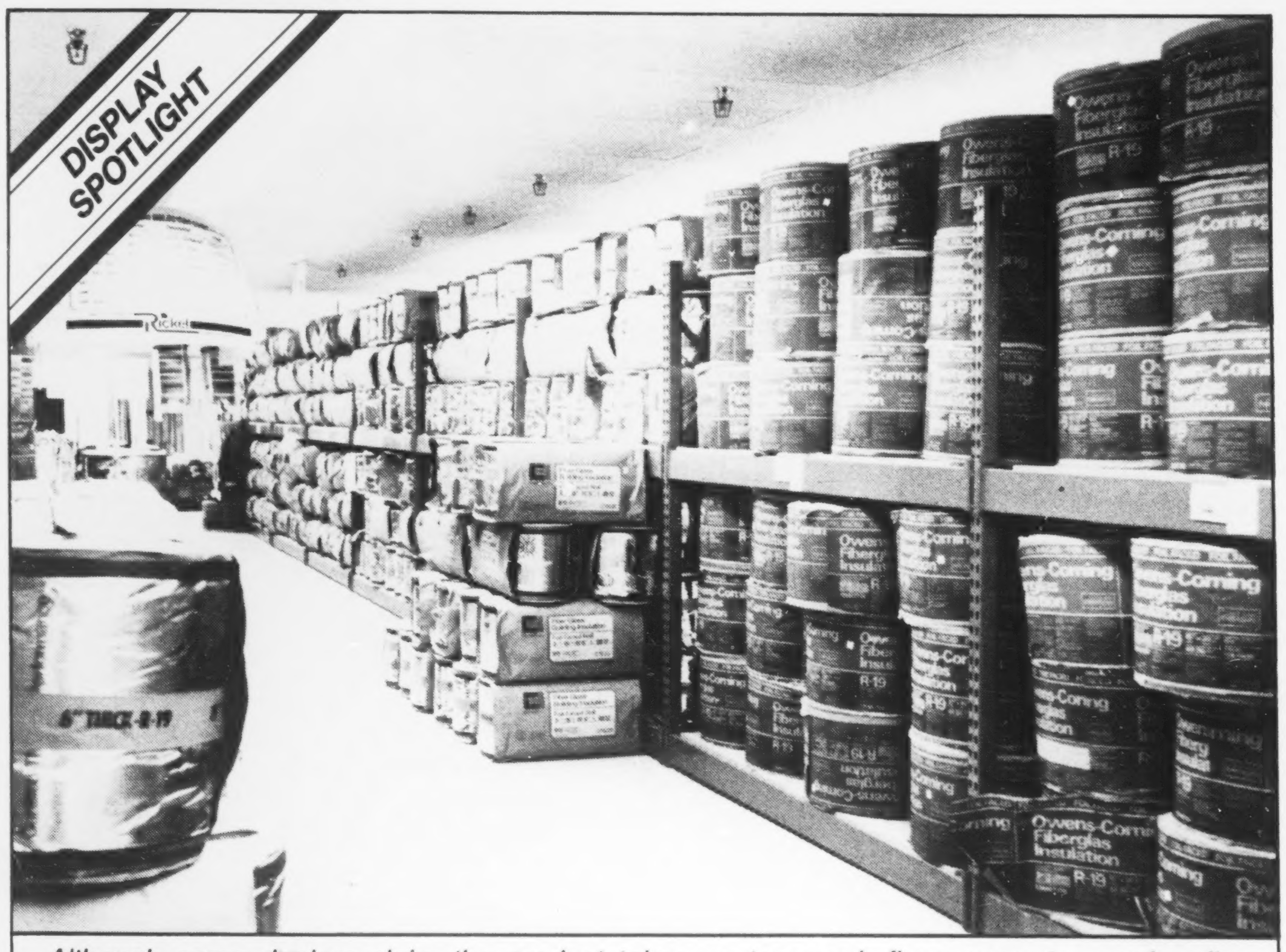
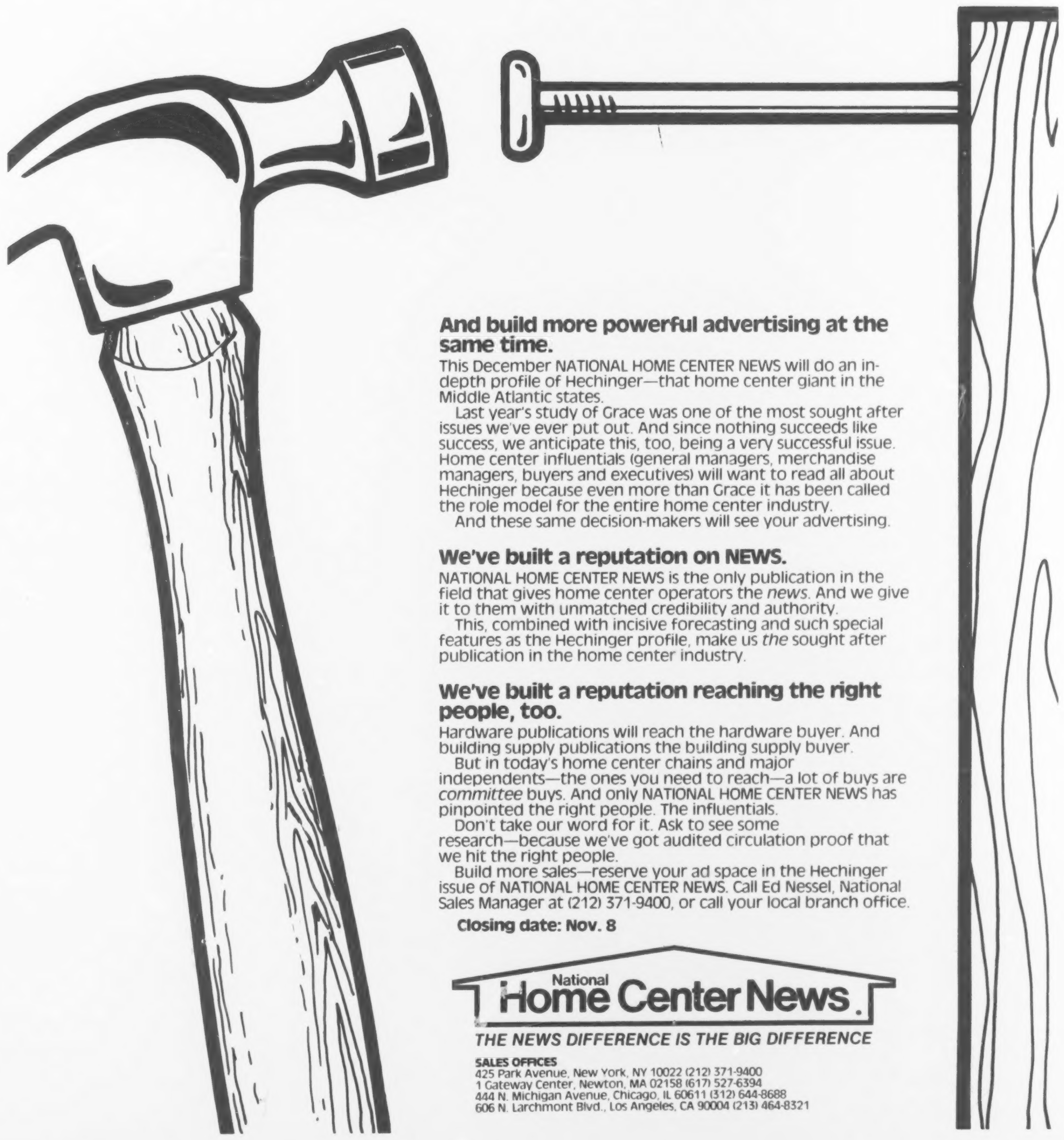


*Although some dealers claim the product takes up too much floor space to merchandise profitably, Rickel Home Centers devotes two full aisles to insulation, stacked on racks 10-ft. high at its Broomall, Pa., store.*

NHCN photo

This December 6th find out how the heck Hechinger built one of the world's most unusual lumber yards.



**And build more powerful advertising at the same time.**

This December NATIONAL HOME CENTER NEWS will do an in-depth profile of Hechinger—that home center giant in the Middle Atlantic states.

Last year's study of Grace was one of the most sought after issues we've ever put out. And since nothing succeeds like success, we anticipate this, too, being a very successful issue. Home center influentials (general managers, merchandise managers, buyers and executives) will want to read all about Hechinger because even more than Grace it has been called the role model for the entire home center industry.

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**We've built a reputation reaching the right people, too.**

Hardware publications will reach the hardware buyer. And building supply publications the building supply buyer.

But in today's home center chains and major independents—the ones you need to reach—a lot of buys are *committee* buys. And only NATIONAL HOME CENTER NEWS has pinpointed the right people. The influentials.

Don't take our word for it. Ask to see some research—because we've got audited circulation proof that we hit the right people.

Build more sales—reserve your ad space in the Hechinger issue of NATIONAL HOME CENTER NEWS. Call Ed Nessel, National Sales Manager at (212) 371-9400, or call your local branch office.

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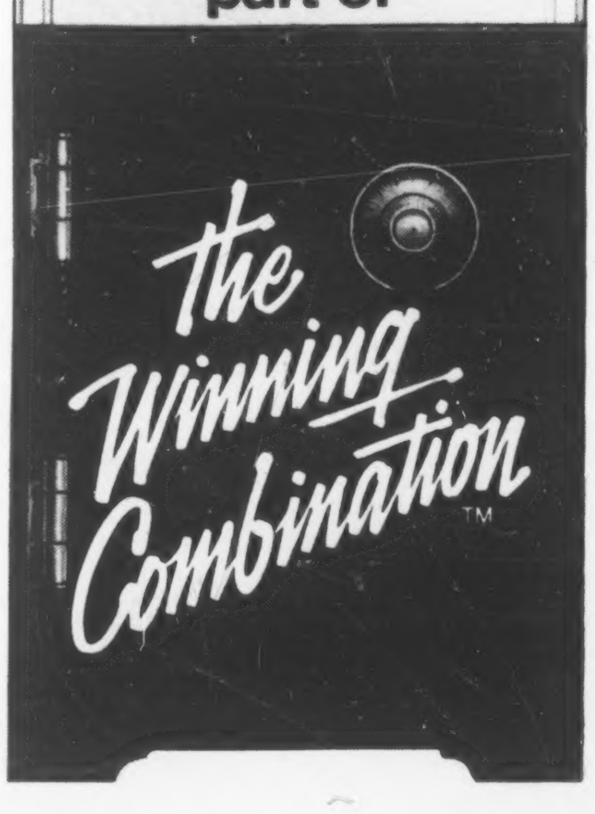
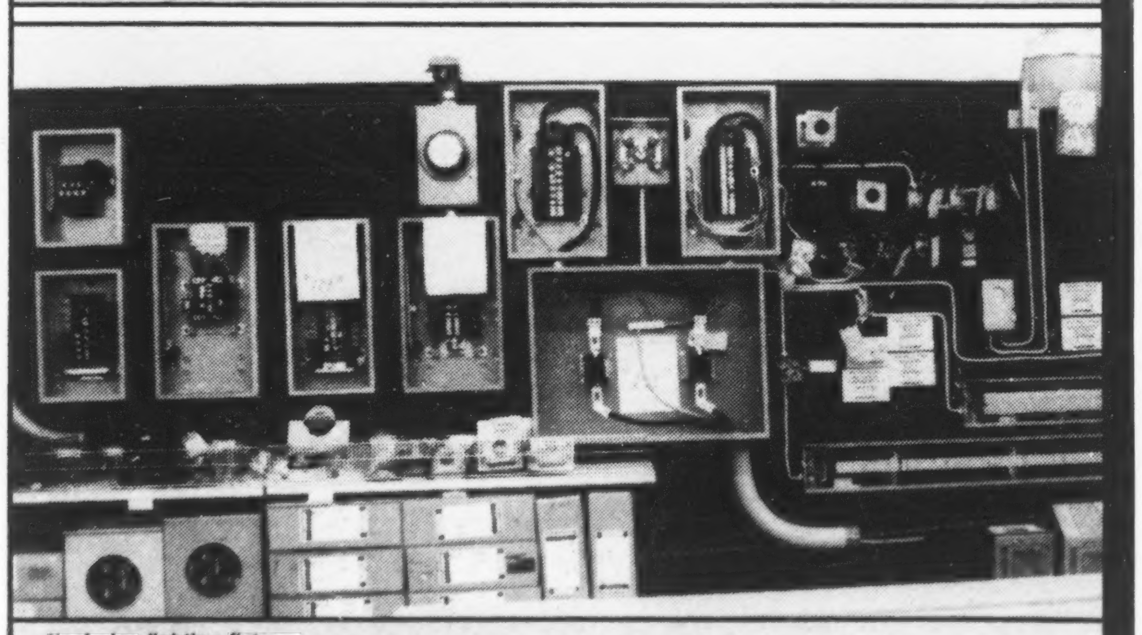


**ELECTRICALS***

**Total Consumer Sales: $1.265 billion**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 4.2 | 5.2 |
| Gross Margin | 39% | 33% |
| GMROI | 164% | 172% |



*includes lighting fixtures
Source: NHCN, Frost & Sullivan, Home Center Institute

# Track lighting, phones are electrical dept. bright spots

NATIONAL REPORT—Electrical departments in home centers continued to be top sales producers despite the sluggish building market this year. Scotty's DIY electrical sales, for example, rose 10% in the past year, despite a downturn in volume for building-related items like wiring, switches, receptacles and face plates.

Products that carried electrical departments over the past year and transcended recessionary concerns or capitalized on them included decorative, high-end lighting products, especially energy-saving fluorescents. Telephones and accessories, just introduced at many home centers, are also catching the public's imagination since the change in telephone rental laws. Wiring and fixtures in packaged form with plenty of DIY instructional information, combined with the strained economic climate have encouraged homeowners to save money by tackling their own electrical work.

While decorative fluorescents have been on the market since the late 1970's, manufacturers pointed out that the product has only really caught on in the past two years.

Rich Dunlap, regional sales manager of Home Vue, said his company sold 322,000 decorative fixtures in the first six months of 1982. That volume, which includes sales by Lowe's, Payless Cashway, Handy Dan, Home Depot, Lindsley and other chains, represents 40% to 50% of the home center market, he estimated.

Levy's Lumber and Building Centers, Louisville, Ky., sold several dozen fluorescents priced between $19.98 and $59.98 monthly with no special promotions. Price points at nine-store Knox Lumber, where decorative fluorescent sales were up 5%, ran between $24.95 and $49.95. The Minneapolis-based chain carries 35 to 40 fluorescent sku's, half of which are decorative.

Track lighting is another popular seller, according to electrical buyers, and one which has overcome pricing, packaging and installation hurdles with improved products.

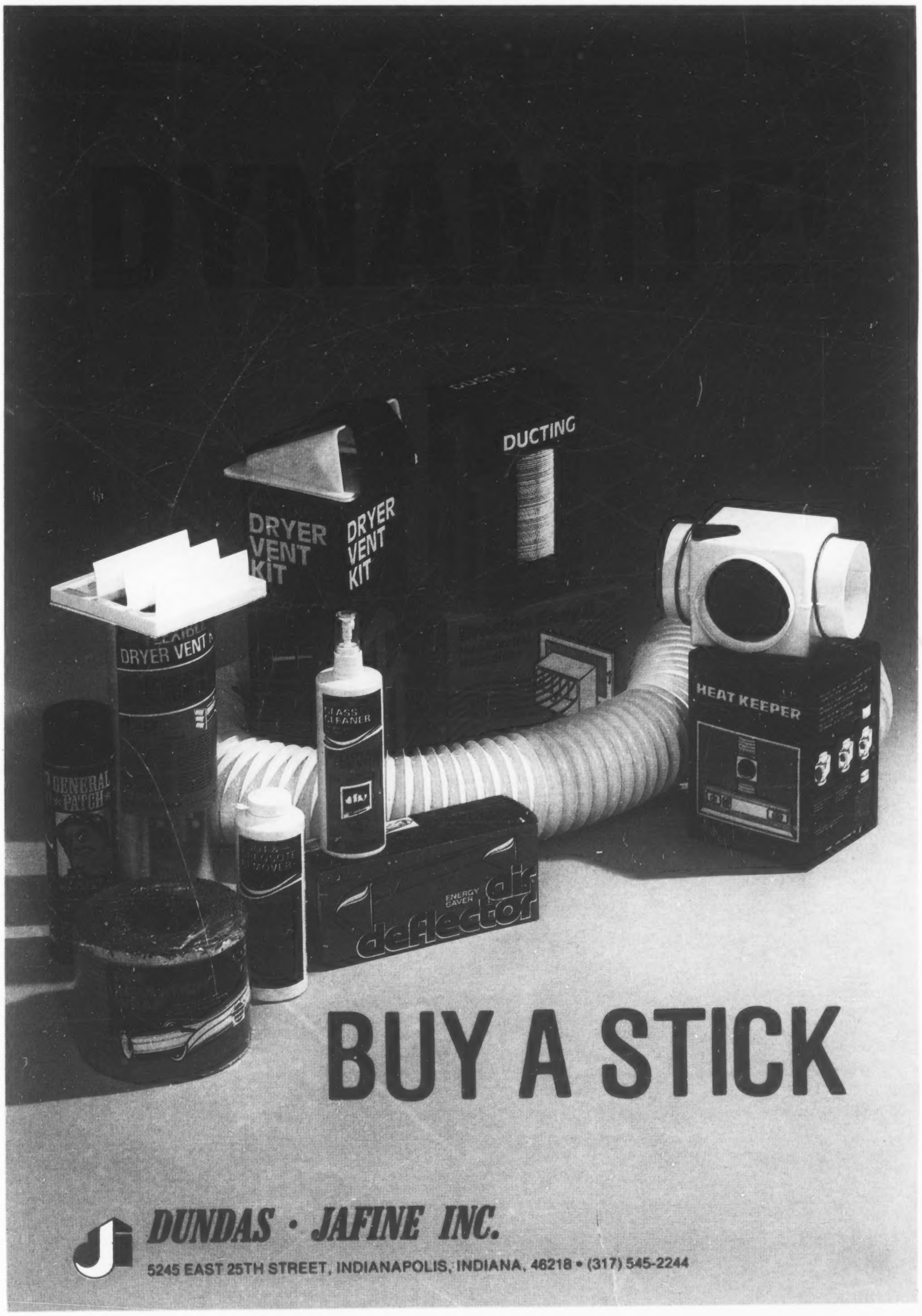
About 15% of the volume in Mass Hardware's extensive, 800-fixture electrical department is now produced by track lighting, compared with 2% of sales 10 years ago when the product was introduced.

The chain averages about $1,000 per month in track lighting sales.

In fact, in a tough year, when Mass Hardware sales have only held even for all other lighting fixtures, buyer Steve Belliveau noted that track lighting sales grew by 10%.

Buyers at an increasing number of home centers that carry track lighting commented that

*(Continued on page 69)*



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# Good weather yields bumper crop of lawn and garden dept. sales

NATIONAL REPORT—It has been a super year for home center lawn and garden departments with sales strong at many chains in several regions. Scotty's, the 99-store Florida operation, reported its best year ever.

Several factors seem to have combined to make this year so healthy for lawn and garden sales. The depressed economy continued to encourage people to stay home and victory gardens increasingly occupied suburbanites' weekend time.

Additionally, the weather was more suitable this year than last, with the growing season lengthened. At the same time, some chains took advantage of those factors and lengthened their lawn and garden selling seasons.

Busy Beaver, Pittsburgh, expanded its season to nine months—February to October—and 1982 lawn and garden sales were 40% better than last year's, according to Tony Clark, buyer.

Lowe's lawn and garden sales were up 22% to 25%. Scotty's sales increased by $4.8 million over a year ago and turns reached 6.5, according to Bob Stanton, who was recently promoted from lawn and garden buyer, to senior buyer, building products.

"There are more people staying at home, planting gardens and raising food because of supermarket prices and their own economic situation," said Paul Siegel, Forest City's vice president, merchandising. "All of that leads to having this category of goods develop even further."

On a product-by-product basis, performance varied somewhat. Tools and outdoor furniture seemed to be strong this year, while underground sprinkler sales were flat and barbecue volume continued to grow, but not overwhelmingly.

Cindy Hallmark, lawn and garden buyer at Homecrafters, the 49-store Southern chain, said that lawn and garden sales were up 8% to 10% over a year ago, with tools fairly strong.

Tools, she said, are one of the highest profit areas in the lawn and garden department.

"You can buy some imports, but people are looking for quality," she said.

Turns at Homecrafters average 4.5 to 5.5 with margins about 40%. Next year the Pelham, Ala., chain's lawn and garden department will be ex-

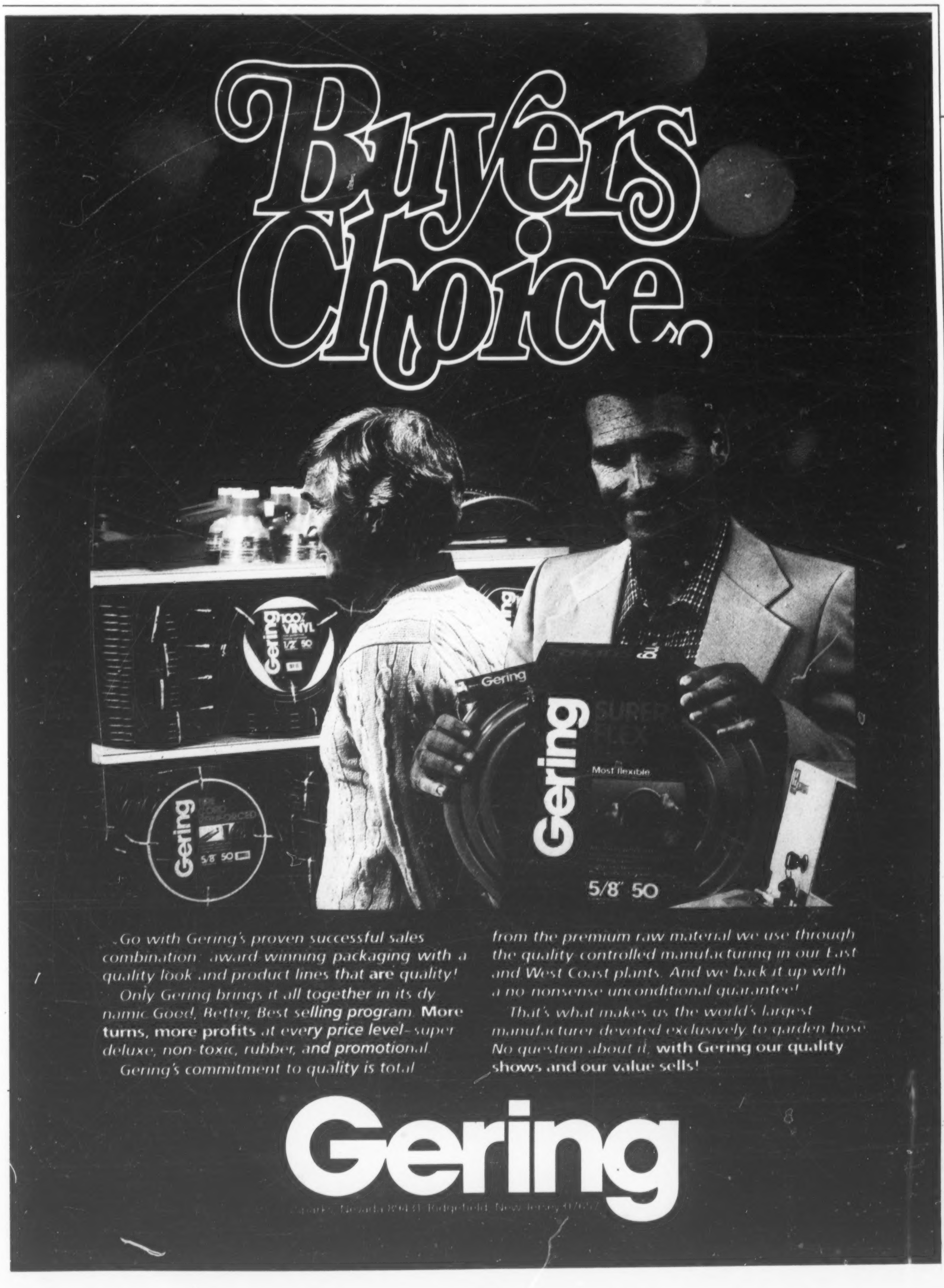
(Continued on page 70)

## LAWN & GARDEN

**Total Consumer Sales: $1.95 billion**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 5.8 | 5.2 |
| Gross Margin | 32% | 28% |
| GMROI | 186% | 146% |

Source: NHCN, Frost & Sullivan, Home Center Institute



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# Repairs/remodeling to grab 25% of softwood market

NATIONAL REPORT—Of the total 29.1 billion board feet of softwood lumber expected to be consumed in the United States during 1982, 7.2 billion board feet or 24.7% will be used by the repair and remodeling market according to Western Wood Product Assn. predictions.

While the repair and remodeling share is off slightly from the 25.2% it garnered of the 30.1 billion board feet consumed last year, its share is still up significantly from 1978—the last two-million-housing-start year—when 44.8% of the 41.4 billion board feet consumed went into new construction and only 19.2% went into repair and remodeling.

"The DIY portion was good," said Fred Reseburg, the WWPA's director of economic services. "But large projects like adding rooms seem to have been put off because of the economy." The increase in repair and remodeling activity, still relatively small in terms of total lumber consumption, has been enough to prompt business changes among building supply retailers and the forest product companies that serve them.

During 1982 Pay 'N Pak, the 88-unit Northwestern chain added lumber to its mix, after dropping it several years ago, although only in its largest stores.

### Setup is refined

Lowe's refined its RSVP consumer-oriented presentation to include more lumber on the sales floor.

W. R. Grace continued to emphasize the back-to-basics approach of its Handy Dan stores in its Handy City and Channel chains, devoting as much as 50% of the floor space to lumber and building materials.

Other operations moved additional lumber and building materials out of their warehouses and onto the sales floor.

Diamond International decided to test the sale of dimensional lumber inside one of the stores of its western division. Eventually the experiment may be adopted by some of the larger stores among Diamond's 119 outlets.

Wolohan Lumber, Saginaw, Mich., continued its remodeling plans, which call for changing three stores per year into a more self-service prototype with lumber and building materials displayed for the consumer.

At 19-unit O'Malley Lumber, Phoenix, lumber and building materials were also being brought indoors to attract greater DIYer attention.

"We've always been in the lumber business and we want to keep that reputation," said O'Malley buyer Sherry Gaylor. "But we've found it necessary and important to pursue that image with the DIY consumer by stocking as much merchandise as possible on the sales floor."

Some building material retailers remained more purist on the issue of proper lumber and building material display.

"Even in the bigger home centers like Rickel, Hechinger and Central Hardware, you could never buy all the materials you'd need to build a house or put on a room addition," said Pat Behan, vice president, Hill Behan, St. Louis.

"Going to those stores for lumber and building materials is like going to a Ford dealer and buying a car in the parts department," he said.

"It's extremely unprofitable to sell building materials, particularly lumber, in a heated store," added Collins Lorimer, of Lorimer & Assocs., a Joliet, Ill., consulting firm.

The average gross margin for lumber and building materials is about 25%, compared with the 35% to 50% captured on other home center items, Lorimer noted.

Despite this debate, the trend among home centers seems to be expansion of the amount and assortment of lumber displayed indoors, with the relatively low margins offset by greater tie-in sales, and storage problems minimized because turns increase when lumber is more available to the consumer.

With home centers generating an estimated $10.5 billion in annual sales of lumber, plywood, millwork, paneling and molding it is not surprising that the forest product industry is making a strong effort to gear itself more toward this consumer market.

"We recognize this as a long-term consuming market for material," said Bill Simmonds, Weyerhaeuser's national sales manager. "We've taken a long look at housing and we're not optimistic."

As the forest companies modify their production, distribution and marketing emphasis from heavy reliance on building to courting consumers, dealers may emerge the big winners with more material and specialized products available for increased sales.

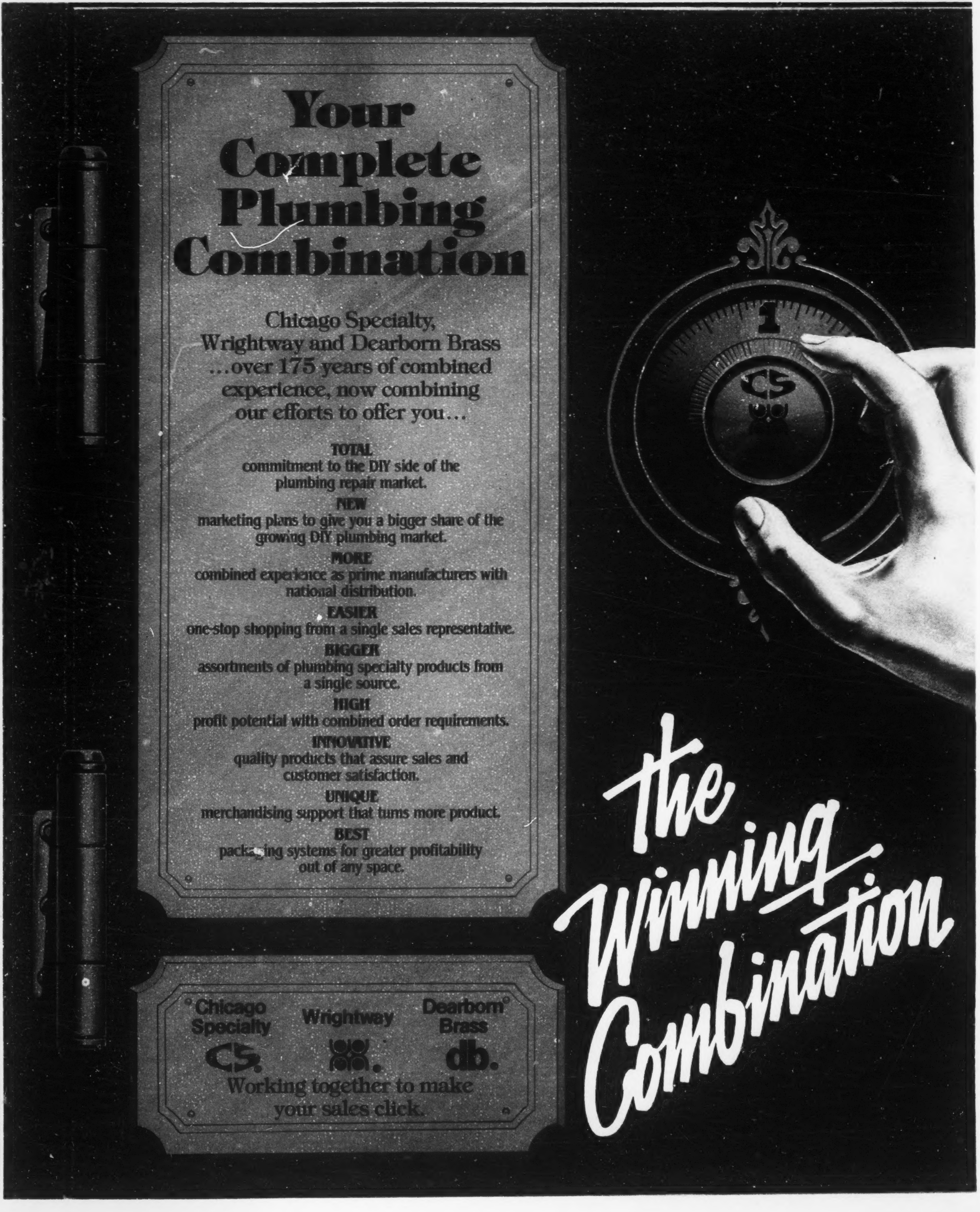
**LUMBER/PLYWOOD**

**Total Consumer Sales: $7.1 billion**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 7.7 | 7.6 |
| Gross Margin | 23% | 24% |
| GMROI | 177% | 182% |

Source: NHCN, Frost & Sullivan, Home Center Institute

READ CLASSIFIED ADS


Your Complete Plumbing Combination

Chicago Specialty, Wrightway and Dearborn Brass ...over 175 years of combined experience, now combining our efforts to offer you...

TOTAL
commitment to the DIY side of the plumbing repair market.

NEW
marketing plans to give you a bigger share of the growing DIY plumbing market.

MORE
combined experience as prime manufacturers with national distribution.

EASIER
one-stop shopping from a single sales representative.

BIGGER
assortments of plumbing specialty products from a single source.

HIGH
profit potential with combined order requirements.

INNOVATIVE
quality products that assure sales and customer satisfaction.

UNIQUE
merchandising support that turns more product.

BEST
packaging systems for greater profitability out of any space.

Chicago Specialty
Wrightway
Dearborn Brass

Working together to make your sales click.

## Wickes

*(Continued from page 17)*

center operation in DIY sales.

BE's sales are expected to rise slightly, from $155 million last year to $160 million in 1982, 100% from consumer business. Overall, *NHCN* estimates Wickes' home center segment will see a 13.8% drop in sales to $900 million, but its DIY business should increase by two percentage points to 59% of the total.

Sigoloff announced a four-stage reorganization plan that includes a 10% reduction in Wickes' 33,000-man workforce, an introduction of new management to a corporate planning system, the implementation of long-term planning and, in its final stage, repayment of its loans and debt.

"We have stemmed the bleeding, and we are just now beginning to see the results of programs we have implemented," Sigoloff said recently. "We expect to show continued improvement throughout the remainder of the year."

The most pressing problem the corporation will probably face over the next several years is its enormous bank debt, much of which it assumed when it purchased Gamble-Skogmo. Wickes owes 44 banks a total of $1.198 billion, with $580 million in short-term debt. In 1981, the company paid out $200 million in interest expense, but under Chapter 11 it is protected from its creditors until the company resorts itself.

Management changes at the store level included a shuffling of personnel at Builders Emporium which brought Tony Swies to the new position of president of that chain. Swies had been a group officer and senior vp for Wickes Cos. At Wickes Lumber, Bruce Berg, who was the chain's interiors merchandise manager, moved up to replace Jack Edl as vp and general merchandise manager.

On the merchandising front, Wickes began testing its new "super home center" in Dickinson, N.D., aimed at providing rural markets with one-stop home improvement shopping.

# H.U.D. balks over load of wet wood

NATIONAL REPORT—It was all a matter of interpretation. And in the balance was 400,000 board feet of Douglas fir that would or would not be deemed suitable for use in a H.U.D. elderly housing project.

Last month, H.U.D. decided that 150,000 board feet of the dimensional lumber exceeded the Government ceiling on moisture content and could not be used at the Torrance, Calif., site.

H.U.D. argued that its standard called for a maximum 19% moisture content at time of installation. Meter checks revealed levels between 17% and 30%. At stake were the 200,000 board feet that the Torrance project was expected to consume and an additional 200,000 board feet for two H.U.D. undertakings to follow.

Frank Stewart, a Western Wood Products Assn. field representative, helped resolve the situation by pointing out to the Government inspector that the regulation in question is routinely interpreted as applicable to lumber at time of enclosure, not installation.

## Electrics

*(Continued from page 63)*

the style and quality of track lighting has improved significantly in recent years, and merchandisers are expanding the lines they carry to include a variety of colors, several styles of ball and cylinder heads and different lengths of track that can be mounted in straight runs or patterns.

New laws requiring telephone companies to show consumers the amount they pay for rental on monthly bills provided a tremendous incentive for people to buy rather than rent their phones. Sales have surged in recent months prompting a number of chains including Lowe's, Home Depot and Pergament to enter the market.

Lowe's, the 232-store, North Wilkesboro, N.C., chain introduced a telephone and accessories program for all its stores in August. Lowe's carries six sku's of telephones from two manufacturers, GTE and Sound Design: The phones, including some cordless models, retail between $19 and $139.

Pat Farrah, executive vice president of Atlanta-based, Home Depot, felt that although his chain has no sales experience in this area, "It's a good category and we want to be on the forefront." Home Depot's program started in its eight stores and was promoted in the catalog, through direct mail and in newspapers.

What's next in electricals? Judging from the winter Home Center Show and summer Hardware Show and buyers comments the next hot product line may be video accessories. Few chains carry video accessories now, but a number of manufacturers are showing attractively packaged products for what looks like a growing market.

### HARDWARE

**Total Consumer Sales: $3.3 billion**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 4.6 | 4.6 |
| Gross Margin | 40% | 38% |
| GMROI | 184% | 175% |

Wood Screws
Machine Screw
Nuts & Washers
Sheet Metal Screws

Source: NHCN, Frost & Sullivan, Home Center Institute

Which Would You Buy?

Gillespie Furniture Refinisher Quart at $7.95 or
(Brand "F") Furniture Refinisher Quart at $11.99

Your Customers Will Answer Gillespie!

We'll Guarantee It!

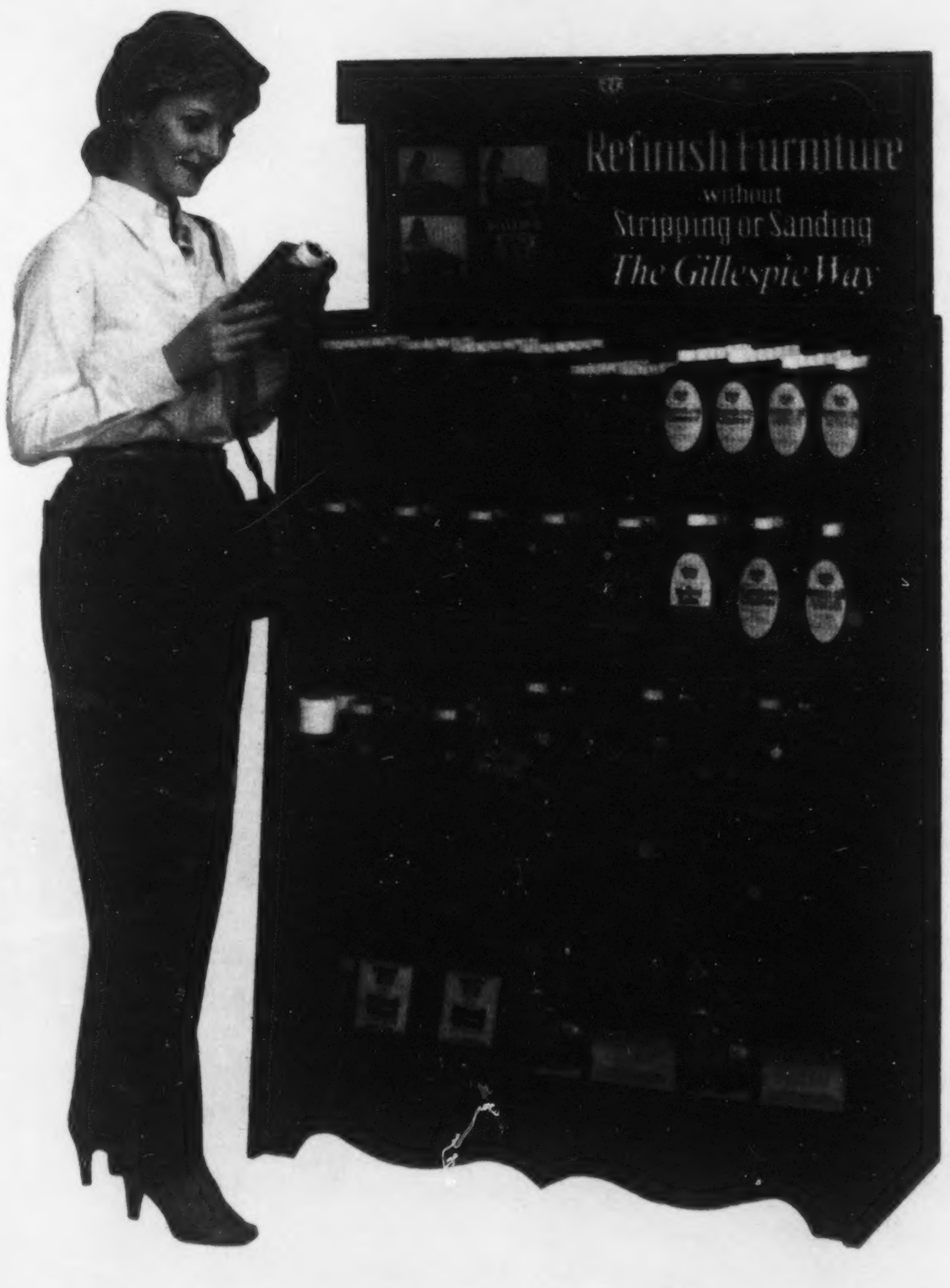
Order a #GA-100
GILLESPIE MERCHANDISER
before December 31, 1982, and . . .

Receive $100.00 . . . in 100% Paid Co-op Ad Certificates to be used for Advertising or In-Store Demonstrations.

Receive Free . . . a "Furniture Look" Gillespie Floor Merchandiser illustrating the "Easy Gillespie Way" to refinish furniture . . . a $125.00 value.

Receive Free . . . a personal 12" B&W Television to view Gillespie National TV Advertising.

Receive Guaranteed Sale . . . if after 6 months you are not convinced that your customers would rather save 33% or more on Furniture Refinishing Products, return for a full refund on the unsold portion.



Get complete product and promotion details from your wholesaler or phone Charlie Wright toll free at 1-800-238-2672 and we will make sure that you receive complete information on the "GILLESPIE WAY" to extra sales and profit.

Price comparison based on manufacturers' suggested retail.

To: KLEAN-STRIP, P.O. Box 1879, Memphis, TN 38101
I want to increase my sales and profits the "Gillespie Way" and save my customers 33% or more. Please rush me a #GA-100 Gillespie Assortment prepaid at $856.12 plus $100.00 in ad certificates and the free TV. Bill through my wholesaler indicated below.

DEALER ______
ADDRESS ______
CITY ______ STATE ______ ZIP ______
WHOLESALER ______

Offer ends December 31, 1982

#GA-100 GILLESPIE ASSORTMENT CONTENTS

| SIZE | PRODUCT | RETAIL | SIZE | PRODUCT | RETAIL |
|---|---|---|---|---|---|
| 24-Pts. | Furniture Refinisher | $ 4.45 | 2-Gals. | Tung Oil Satin Varnish | $23.45 |
| 24-Qts. | Furniture Refinisher | 7.95 | 24-8 Oz. | Lemon Oil Treatment | 1.95 |
| 12-½ Gal. | Furniture Refinisher | 12.75 | 12-Pts. | Lemon Oil Treatment | 3.25 |
| 8-Gals. | Furniture Refinisher | 23.45 | 12-8 Oz. | Furniture Cleaner | 1.79 |
| 12-8 Oz. | Tung Oil Product | 2.95 | 12-Pts. | Furniture Cleaner | 2.95 |
| 12-Pts. | Tung Oil Product | 4.45 | 12-Pts. | Mineral Spirits | 2.50 |
| 12-Qts. | Tung Oil Product | 7.95 | 12-Pkgs. | 4/0 Steel Wool | 1.29 |
| 2-Gals. | Tung Oil Product | 23.45 | 12-Ea. | Refinishing Pans | 1.19 |
| 12-8 Oz. | Tung Oil Satin Varnish | 2.95 | 12-Ea. | Filigree Brushes | .39 |
| 12-Pts. | Tung Oil Satin Varnish | 4.45 | 6-Ea. | Refinishing Kit | 9.99 |
| 12-Qts. | Tung Oil Satin Varnish | 7.95 | 12-Ea. | Spray Paint Remover | 4.95 |

Wt. 485 lbs. Dealer Cost $856.12 Total Retail $1426.86

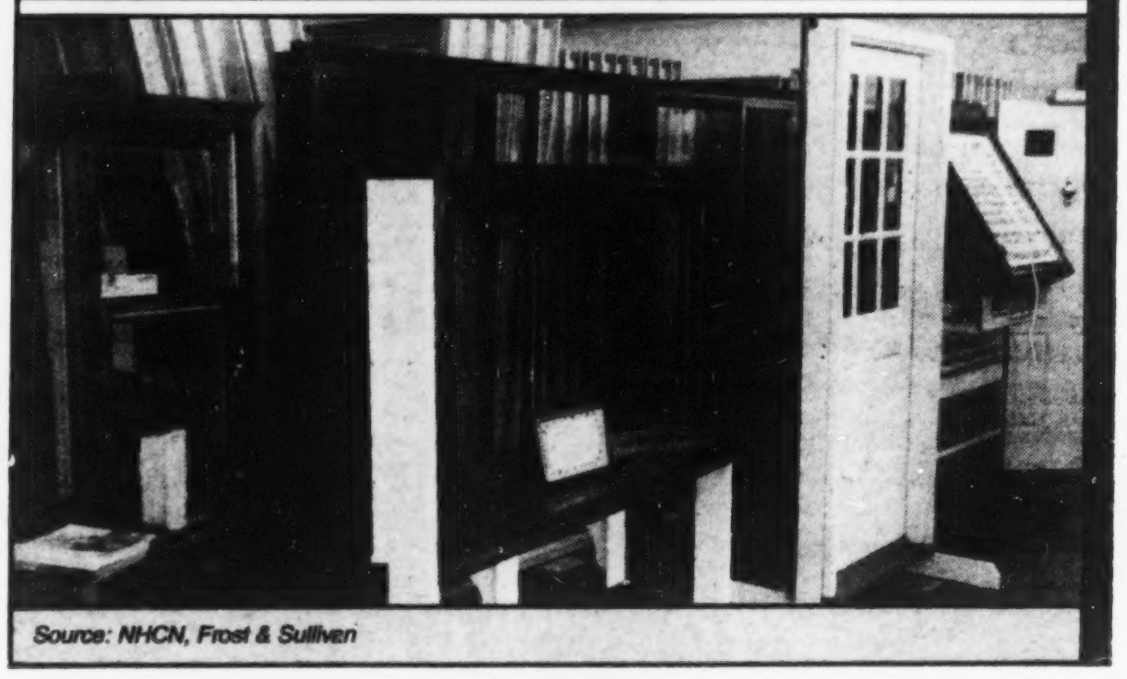
Klean-Strip
PO Box 1879, Memphis, Tennessee 38101

GILLESPIE
SINCE 1824

### MILLWORK

**Total Consumer Sales: $1.61 billion**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 5.3 | 6.2 |
| Gross Margin | 31% | 35% |
| GMROI | 164% | 217% |



Source: NHCN, Frost & Sullivan

## Panel sales

(Continued from page 56)

conducted a six-month pilot DIY literature program that ended in June.

Dealers and distributors in selected cities were provided with several brochures to make available to retail customers. While results of the test were not conclusive, total moldings sales seem to be expanding. They increased to 198 million board feet in 1981, up from 176 million board feet a year earlier, according to the Association.

"We were pleased with the pilot program," said Hank Brown, marketing vice president for Midwest Jobbers, St. Charles, Ill., which supplies the Chicago market.

He conceded that once the product gets to the retail level it requires, "an awful lot of handling."

Still, that has not been a drawback for Inner Harbor, the Baltimore operation that does a strong urban renovation and restoration business.

"Of out 18 departments," said Bob Heffner, manager, "molding sales account for our best profit by far."

## Lawn sales

(Continued from page 65)

panded with fringe items filled in, Hallmark said.

Furniture took an interesting twist this year, with retailers doing brisk business with low-end, "disposable" furniture, priced for the consumer who is willing to pay to be in fashion each season because he knows that the chair he is buying may last no longer than that. And next year, when the "in" color changes he can purchase a replacement.

The best seller at Homeowners DIY, Gardena, Calif., was a $6.99 banana lounge chair, "that you use for one year and then throw out," said Jim Guiry, buyer.

At the other extreme, customers were also willing to pay for quality and durability. Redwood, in some markets, continued to be strong, as well as outdoor furniture made from other woods and from high quality metal and fabric.

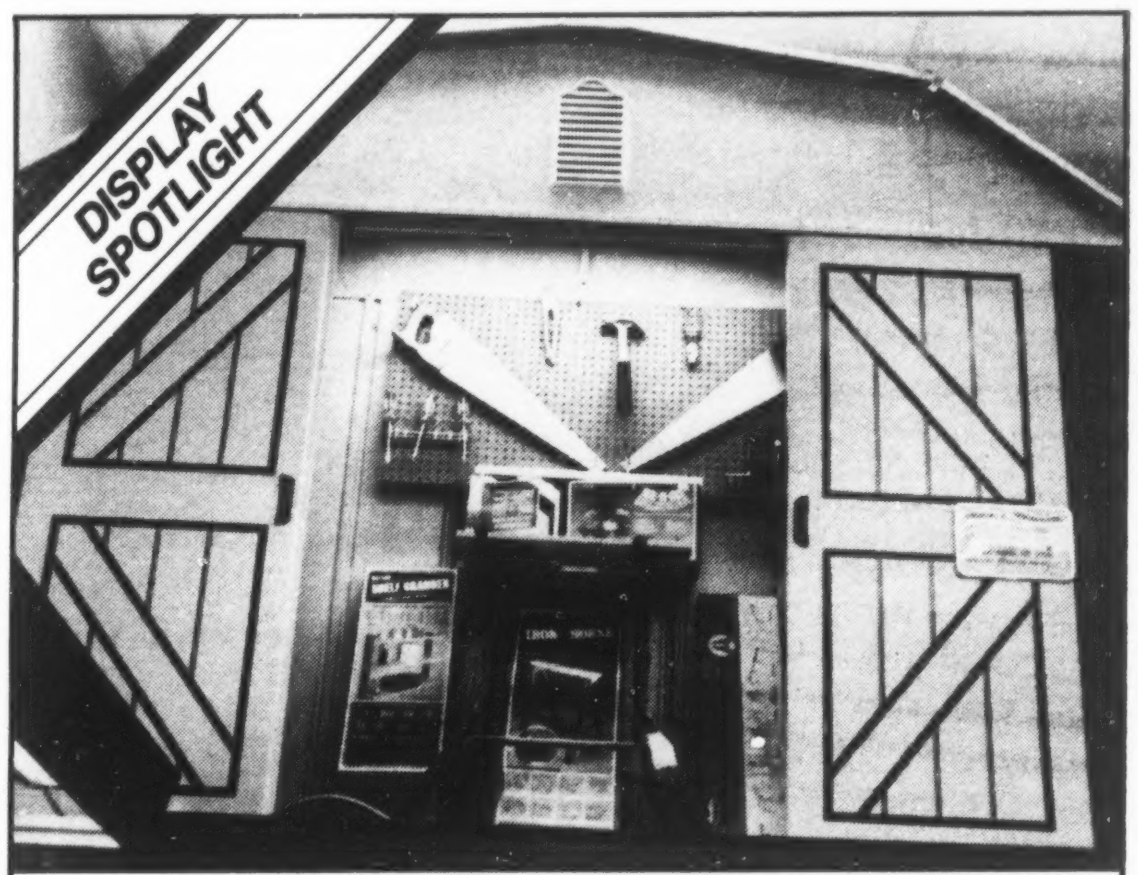
"We are looking for an upper-end line," said Lyle Gregory, merchandise manager at Lumberjack, Sacramento, Calif. "We want the same amount of sku's, but more quality."

In contrast, underground sprinkler systems were experiencing weaker results, at least in part because the depressed housing market reduced the number of installations. Still, Gregory said that underground sprinklers contribute about 20% of the plumbing department's total sales with 5.5 to 6 turns per year.

Sprinklers generally sell better in the Sunbelt, which also proved to be the case with barbecue grills. According to The Barbeque Industry Assn., home centers this year cornered 8% to 10% of the grill market, which is expected to reach $4.7 billion, including accessories.

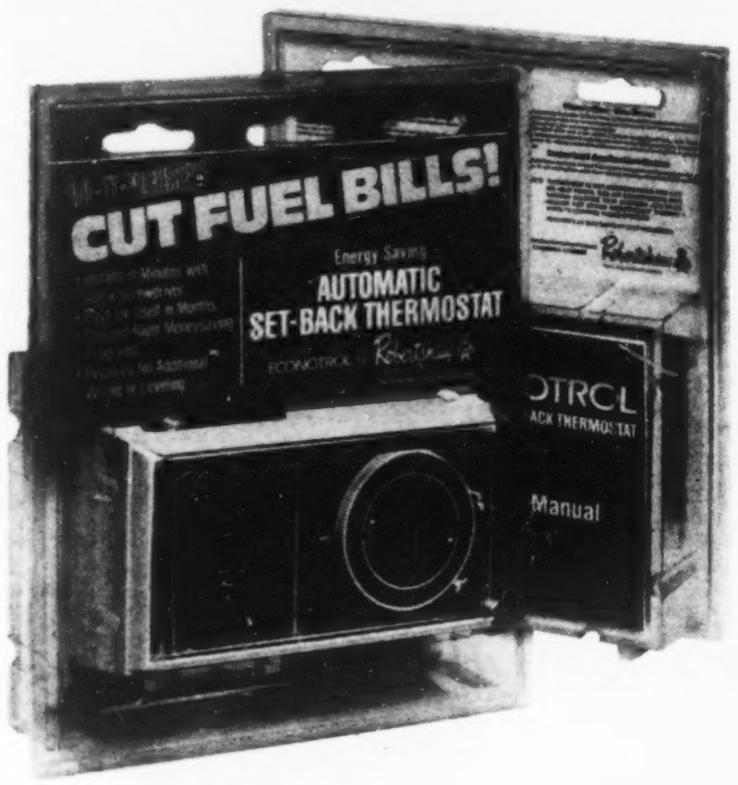
Perhaps the growth of lawn and garden generally was summed up best by Clark, of Busy Beaver:

"Lawn and garden is becoming our No. 2 department," he said. "Five years ago, lawn and garden was in seventh or eighth position."



*Hechinger, Harrisburg, Pa., houses a pegboard of hand tools along with work benches, shelf racks and saw horses inside an outdoor storage shed.* NHCN photo

Your best move for more sales... and profits.



"Show and Sell" kit helps you move D-I-Y set-back thermostats. And the price is the clincher.

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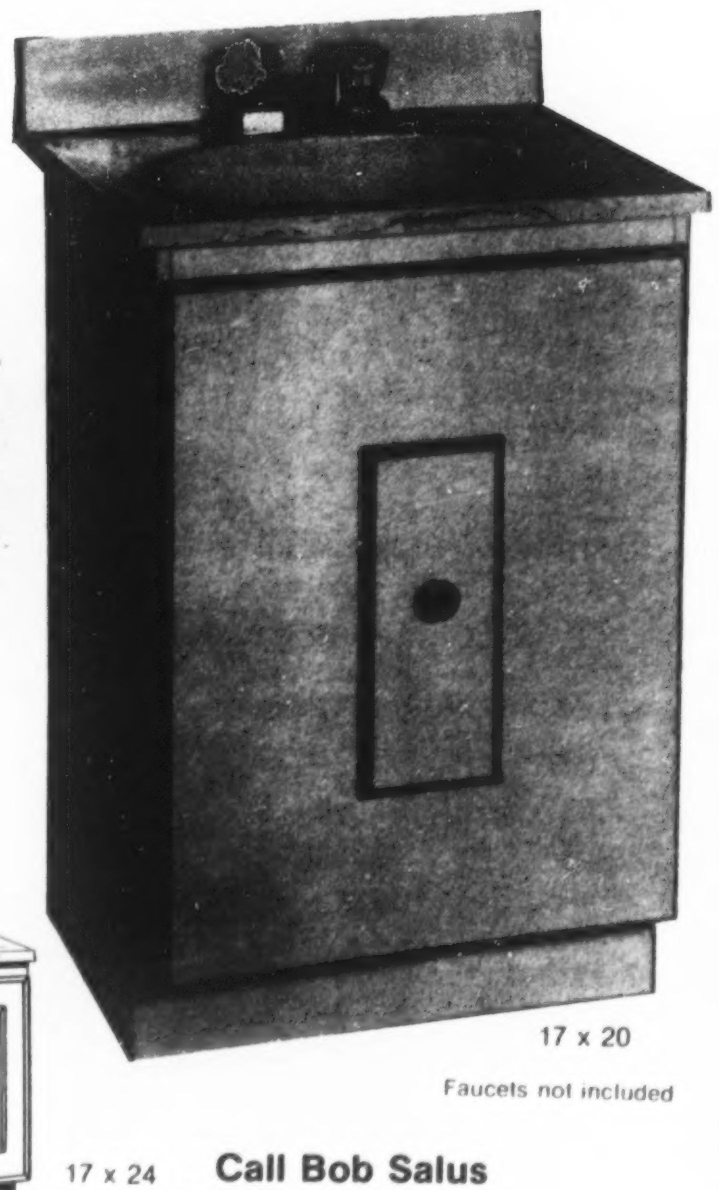
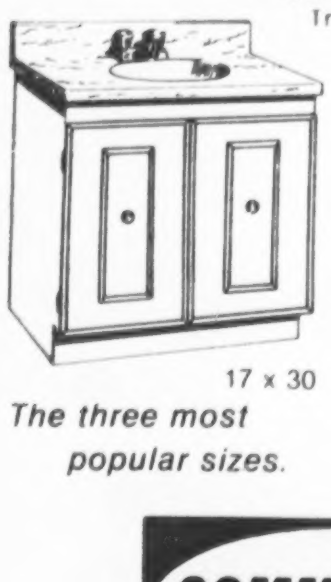


17 x 20

Faucets not included



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*The three most popular sizes.*

17 x 24

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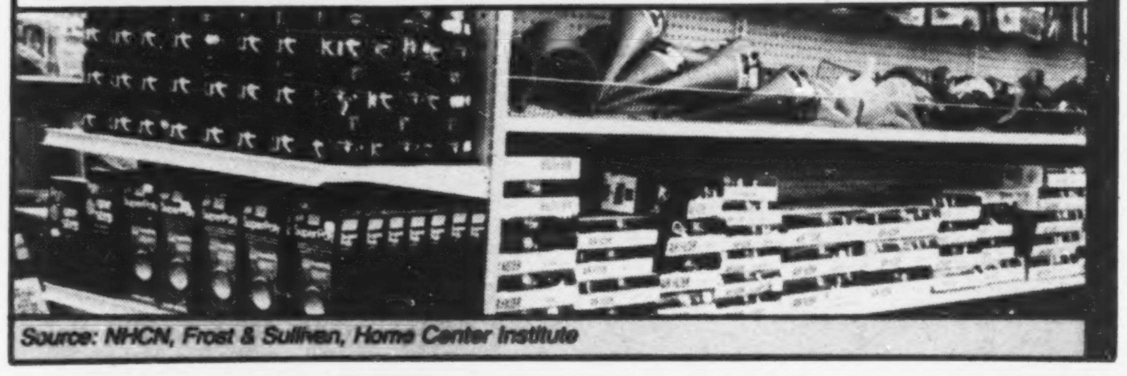
**AUTOMOTIVES**

**Total Consumer Sales: $307 million**

| | Home Center Outlets | Lumber/Building Material Outlets |
|---|---|---|
| Annual Turns | 4.5 | N.A. |
| Gross Margin | 26% | N.A. |
| GMROI | 117% | N.A. |



Source: NHCN, Frost & Sullivan, Home Center Institute

# DIY chains add auto depts. as sales figures improve

NATIONAL REPORT—More home center retailers are taking on automotives and results in the category are getting better, according to industry statistics.

The Home Center Institute announced recently that 60.2% of the DIY dealers it surveyed were carrying automotives compared to only 26.3% in 1975. It also noted that the category's sales per square foot in home centers increased from $45 in 1975 to $124 in 1981.

The department's sales as a per cent of total volume has grown from 1.1% to 2.4% in the period and the goods take up a greater per cent of total store footage, 3.1% compared to 2% in the mid-1970's, according to the Institute.

The most successful DIY dealers with automotives appear to be the ones that are most aggressive.

"There's a lot of motion in the department, no pun intended," said Frank Schaffer, automotives buyer at The Hardware Fair, Baltimore. "There's always something new. It's exciting."

The chain took on car batteries under its own label this year to go along with 600 sku's of items such as oils, waxes, chemicals, wiper blades, filters and mirrors in 120 linear feet of space, Schaffer said.

All American Home Center, Downey, Calif., found success with a do-it-yourself trailer kit with add-on sale possibilities, simulated lambskin seat covers and car covers, according to buyer Al Carpenter.

Most dealers also experienced success with Turtle Wax's new Minute Wax.

"In 10 years, I've never seen a wax sell from a commercial so well," Carpenter said. "In three weeks, we sold 288 units at $3.99 each and 50% of the sales were to women because of the trigger-spray applicator."

While attention to new products and innovations helps keep the category updated and interesting, completeness and commitment in the department also helps.

Central Hardware was forced to switch automotive suppliers last year to its sister company, wholesaler Witte Hardware, St. Louis. Both Central and Witte are owned by Interco, St. Louis.

### Promising area

The match has turned out well for Central with an initial automotives investment of $750,000 and 1,286 sku's on eight 24-ft. gondola runs, according to Witte president Neil A. Marglous.

The changes made Central's selection "a little more complete and competitive," president Jim Cohen related.

Two-unit Round Lake Ace Home Center, Round Lake, Ill., carries hard-to-get items in its mix.

"That costs us," said buyer Rich Hill. "but if the customer knows we have it, he will get all his automotive needs in one stop with us."

Still, for many chains, the department is in a state of flux. Several DIY retailers are interested enough in the category to have added the goods, but then a reduction in sku's or even removal of the department follows.

Five-unit Builderama, Savannah, Ga., recently exited from automotives after a two-year program.

### The reason why

The chain carried oil, spark plugs, spotlights and windshield wiper blades in 24 running feet to 28 running feet per store, but a spokesman for the chain noted, the wiper blade sku's totaled three, not enough to make that program work.

"There was auto parts store competition too," the spokesman said. "Western Auto is across the street from here and Southern Auto is two blocks away and there's always K mart."

Competition has held back further commitments in automotives at Chase-Pitkin, Rochester, according to president Steve Underwood.

"In the last few years, there have been a lot of auto parts stores on the scene," he explained. "That's one reason why we haven't broadened the category."

Beaver Lumber, Willowdale, Ontario, Canada's largest DIY dealer, discontinued automotives, except for oil as a promotional item.

MOTORCRAFT INTRODUCES THE KIND OF PART NUMBERS EVERYONE UNDERSTANDS.

The part numbers we're talking about are consumer refunds — a total of $19.50 from September through January. In fact, we've doubled previous refunds on spark plugs and batteries.

Until November 30, there's up to $7.50 back on plugs, filters, and oil: the Motorcraft products retail customers use most in the Fall. Plus a $1.00 refund for buying two or more of these Motorcraft products at the same time. And a coupon worth another $1.00 toward the customer's next Motorcraft purchase. That's a total of $9.50. Then November through January there's a $10 refund on batteries.

That's a total of $19.50 in consumer refunds from now through January, to get do-it-yourselfers into your store, and to keep them coming back.

There's also extensive national advertising, as well as attractive point-of-purchase. For complete information, contact your Motorcraft supplier. (Or call 1-800-521-4114. 1-800-482-4102 in Michigan.)

This Fall, stock the part numbers your customers understand. From Motorcraft.

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